Distr.
GENERAL

IDB.8/30
11 June 1991

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Item 12 of the provisional agenda

MEDIUM-TERM PLAN, 1992-1997

Summary of views expressed by members of the Programme and Budget Committee

Report by the Director-General

Summary

Summarizes the views expressed by members of the Programme and Budget Committee in respect of the revised draft medium-term plan of UNIDO, 1992-1997 (PBC.7/17) during the seventh session of the Committee.

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Introduction

1. In its conclusion 1991/5, the Programme and Budget Committee recommended that the Director-General submit the revised draft medium-term plan for the period 1992-1997 contained in document PBC.7/17 to the Industrial Development Board together with the views expressed by members of the Programme and Budget Committee. The present document contains a summary of those views. The views have been extracted from the delegations' interventions at the plenary meetings of the Committee. They have been compiled thematically for ease of comparison and whenever possible abridged for the sake of brevity.

2. After an initial section devoted to general comments on the revised draft plan, the compilation focuses on the plan's relationship to the programme and budgets and on the priorities in the order they appear in the revised draft medium-term plan. A final section deals with other issues raised. The sequence in which the comments are listed in each section does not imply any judgement whatsoever as to the similarity or dissimilarity of views expressed.

I. GENERAL COMMENTS

(1) The revised draft medium-term plan, 1992-1997, while it could be improved, can be recommended for consideration and adoption by the Board at its eighth session, and subsequently by the General Conference at its fourth session. (Venezuela)

(2) We approve the revised draft medium-term plan, 1992-1997, submitted by the Director-General in document PBC.7/17 in accordance with General Conference resolution GC.3/Res.21 and IDB decision IDB.7/Dec.14. We remain convinced that the implementation of the medium-term plan through the biennial programme budgets should be done in accordance with Programme and Budget Committee conclusion 1990/10 recommending a ceiling representing zero real growth. (Netherlands, on behalf of European Community)

(3) The Nigerian delegation is gratified to note that, among others, the present document on the revised medium-term plan has fulfilled the stated objectives. (Nigeria)

(4) Having made detailed comments on the draft medium-term plan, 1992-1997, during the previous session of the Committee and having submitted a substantial document on this draft plan during the seventh session of the Industrial Development Board, the Algerian delegation is gratified that the revised draft contained in document PBC.7/17 largely reflects the views expressed by Member States and takes account of quite a number of comments made by the Algerian delegation itself. (Algeria)

V.91 25469 0539E

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(5) We agree and approve document PBC.7/17. (Bolivia)

(6) The study in depth of this document ought to be dealt with by the Industrial Development Board and not necessarily by the Programme and Budget Committee, which deals with financial implications. Here there are no financial implications because the medium-term plan deals with the general policy of UNIDO. (Colombia)

(7) The Soviet delegation on the whole has a positive appreciation of the revised draft medium-term plan for 1992-1997 as contained in document PBC.7/17. (Union of Soviet Socialist Republics)

(8) We are pleased to note that the draft medium-term plan represents quite an improvement and it has reflected the views expressed by Member States during the formal and informal consultations over the past several months. (China)

(9) The revised draft of the medium-term plan, 1992-1997, meets the concerns of the Member States, particularly in reference to decision of the seventh session of the Industrial Development Board, IDB.7/Dec.14, paragraph (j). (Philippines)

(10) The medium-term plan for 1992-1997 presented by the Director-General in document PBC.7/17 marks an improvement compared to previous drafts. (Poland)

(11) The Tunisian delegation is pleased to see that the revised draft medium-term plan takes account of the views expressed by Member States during the General Conference and Industrial Development Board. It must also congratulate the Secretariat on the wealth of information contained in the document. (Tunisia)

(12) The revised draft medium-term plan, 1992-1997, has been drawn up taking account of the opinions expressed at the third session of the General Conference and the seventh session of the Industrial Development Board. In our opinion, this document is a thorough one, diverse one and I am sure that we will return to analysing it on a number of occasions. (Ukrainian Soviet Socialist Republic)

(13) It is a source of pleasure for the Mexican delegation that the draft revised medium-term plan, 1992-1997, in document PBC.7/17, has been drawn up in accordance with the outlines of decision IDB.7/Dec.14 of the Board. (Mexico)

II. SPECIFIC COMMENTS

Relationship to programme and budgets

(14) The priorities and programmes contained in the medium-term plan should be properly reflected in the Organization's programmes and budgets. (Venezuela)

(15) The medium-term plan should retain its nature as a policy framework which sets guidelines for a rolling programme of activities which meet the needs of all recipient countries. We agree that the revised medium-term plan provides sufficient indication of the programmes, allocation of tasks and estimated resource requirements for the 1992-1993 biennium budget which is, however, still under consideration. (Netherlands on behalf of European Community)

(16) It is our hope that allocation of resources to the target areas and programmes will reflect the order of priorities as already approved by the General Conference. (Nigeria)

(17) It is a question of establishing a closer correlation between the objectives of the medium-term plan and the programmes and budgets of the Organization and ensuring that the objectives can be translated into technical cooperation projects ... For it is quite clear that UNIDO's programming will only be effective if there is a link between the planning function and the budgetary process - that is, between the plan and the budgetary resources. (Algeria)

(18) As a tool and framework for the preparation of the programme and budget, it is apparent that the revised draft has served its purpose as illustrated in the matrix [table 6] in the programme and budget document. (Philippines)

(19) The objective assessment of the difficult economic conditions of the developing countries provides a logical basis for outlining five priority problem areas as well as three thematic problems which should constitute the main direction of UNIDO activity and basis for budgetary and programming process, taking into consideration a ceiling of zero real growth. (Poland)

(20) The Mexican delegation has emphasized on several occasions with respect to the decision-making policy of the Organization that priorities for the medium-term plan should be structured in such a way that it affords a proper mechanism for giving due attention to programmes which require major support in difficult financial circumstances. The Mexican delegation would like to emphasize the need for priorities in the medium-term plan to be properly reflected in the programme and budget of this Organization. (Mexico)

Reflection of priorities

(21) We support the continued prioritization of the five programme target areas, namely human resource development, development and transfer of technology, industrial rehabilitation, small- and medium-scale industries, as well as environment and energy. Similarly, we support the implementation of the objectives contained in the three common elements for industrial development. (Nigeria)

(22) The Algerian delegation takes due note of the document and in general approves the five major problem areas and the three elements common to industrial development identified in the plan ... Firstly, it should be mentioned that the document makes a number of observations concerning the situation of developing countries which in the view of the Algerian delegation are highly pertinent and objective. Unfortunately, it confines itself to observations and does not propose specific measures as a framework for the activities of UNIDO ... Thus, with regard to the prospects for the medium-term plan period, the assumptions adopted regarding growth clearly show the growing disparities between the various regions. However, such a static observation of affairs is useless in the absence of proposals for measures capable of reducing the divergences ... Similarly, the draft highlights the vulnerability of the economies of developing countries and the persistent constraints on development without suggesting specific measures which could be taken

by UNIDO to promote industrial development in these countries ... Moreover, the critical factors for the period ahead are not well defined in respect of developing countries and, in the absence of studies on the prospects for such countries, one gains the impression that activities are to continue to follow the same old practices. And as it is clear that the globalization of the economy should now guide the perception of matters and form the axis for the industrial development of the developing countries, UNIDO's activities should logically be in line with such an approach ... The Algerian delegation cannot see very clearly on the basis of the existing presentation of the draft medium-term plan how the plan priorities are covered by the current structure of the Organization, or indeed how they will be covered by the structure proposed by the Director-General in the context of restructuring. (Algeria)

(23) The delegation of China agrees to list human resources development, development and transfer of technology, industrial rehabilitation, small- and medium-scale industries, and environment and energy as five priority areas for the 1992-1997 medium-term plan of UNIDO ... However, we should also realize that it is impossible to include all priority areas of the developing countries in the medium-term plan and those already in the plan cannot substitute completely for the priority areas of each individual country. Therefore, the implementation of the medium-term plan calls for a certain amount of flexibility. That is to say, while delivering assistance to the developing countries, UNIDO should not only keep itself in line with the priority areas set out in the medium-term plan, but it should also take into account the specific needs of certain developing countries. It should help them select and fund projects which could meet local requirements and result in great socio-economic impact. The medium-term plan can only serve as a policy framework. (China)

(24) Although we are convinced that selected priorities are really of great importance to the Member States, we are not sure whether UNIDO could effectively implement all of them mainly due to its limited resources and general lack of clear vision for a long-term perspective. This vision should include in our opinion the selection of services UNIDO could render competitively, taking into consideration its resources and potential of professional staff ... In order to become more efficient and effective, UNIDO should rather concentrate in future on a limited number of fields of activities, thus sharpening its focus on them and redeploying scarce financial and human resources to obtain a higher level of quality and competitiveness of services. (Poland)

(25) The five priority problem areas and the strategic thrust of the corresponding thematic programmes as presented in this document meet with our approval. The differentiation of the needs of each region and the regional programmes are pertinent. However, particular attention should be paid to the subregional industrial development programmes, taking account of the specific features of each of the targeted subregions. (Tunisia)

(26) The United States of America delegation recognizes that the medium-term plan must express the goals of UNIDO in broad and very general terms. At the same time, however, we feel that better use of the concept of "priorities" could make the plan much more useful. UNIDO should be able, within the same allocation of resources from Member States, to give some order to its many priorities without favouring one geographical region over another and without excluding possibilities for participation in projects which might appear outside the stated priorities. Such an ordering would reflect UNIDO's developmental expertise and could reflect its strategy for systematic development. We look forward to the continued improvement of the medium-term plan as a framework for UNIDO's activities. (United States of America)

(27) The Mexican delegation trusts that the medium-term plan will be the main guiding instrument of UNIDO and its priority objectives should be the basis for the budgeting exercise in this Organization. (Mexico)

Human resource development

(28) The action envisaged by UNIDO in certain areas such as human resource development is also very comprehensive. The institutional and economic changes taking place in some regions may upset the medium-term programmes, bearing in mind the uncertainty linked to the evolution of the different situations and the still hazy outlines of the new political and economic structures in some regions. Foreseeable risks cannot, however, prevent the definition of precise objectives. (Algeria)

Development and transfer of technology

(29) It seems justified to refer to the whole problem of conversion of military industry to the production of civilian products as a means of obtaining additional up-to-date technology in order to achieve development in the area of development and transfer of technology mentioned on page 12 of the medium-term plan. (Union of Soviet Socialist Republics)

Industrial rehabilitation

(30) The approach envisaged by UNIDO in industrial rehabilitation activities is to be welcomed; it would be even more so if the Organization were to respond more speedily to requests by States in this field, which should be treated as a matter of urgency. (Tunisia)

Small- and medium-scale industries

(31) We would request the Secretariat to reconcile the higher allocation accorded to industrial rehabilitation as compared with small- and medium-scale industry, with paragraph 25 of the revised draft which states that highest priority was accorded to the least developed countries in the preparation of the plan. From a layman's viewpoint, emphasis on small- and medium-scale industries would be more important to these countries rather than industrial rehabilitation. We perceive that the allocation of higher resources to industrial rehabilitation could have been due to its higher ranking and order of priority areas. (Philippines)

Environment and energy

(32) The environment programme should be financed from extrabudgetary resources, preferably through the Industrial Development Fund ... Document PBC.7/17 mentions "an energy programme to be

drawn up by the Organization in the early part of the medium-term plan period". My delegation would like informal consultations to be held with Member States regarding the drawing up of this programme, and would like the programme to be submitted to the policy-making organs for approval. (Venezuela)

(33) The problem of the environment ... is very important and ... requires huge financial means. (Bolivia)

(34) The world community has already expressed its opinion in respect of the need to have joint efforts to overcome the consequences of the accident at the nuclear power plant at Chernobyl, as adopted in a consensus resolution at the forty-fifth session of the General Assembly of the United Nations. In this connection, we think it is appropriate to mention in our document UNIDO's task to take part in the implementation of that resolution within the framework of its competence, which could be done in that portion devoted to the environment and energy. The Soviet delegation would like to express its support to the Organization in its intentions to develop a programme on energy questions. We are of the opinion that, taking account of the tendency in industrial development in the world, research into new and renewable sources of energy and the exhausting of the energy resources, as well as the need to make additional efforts to protect the environment, have led to a very urgent need ... to develop this sort of programme which would take account of forecasting estimates as well as recommendations to implement the specific elements involved. Soviet experts and scientists are willing to take an active part in helping to prepare such a progamme. (Union of Soviet Socialist Republics)

(35) We wish to reiterate our position that financing of the environment programme be derived from extrabudgetary resources. (Philippines)

(36) The fifth problem, that of the environment and energy, has been addressed at sessions of the Board and we have referred to it on a number of occasions at the General Conference. The points made in paragraphs 69 to 73 in dealing with this truly global problem are profound and comprehensive. ... It is with satisfaction that we note that UNIDO at present has proceeded to implement the comprehensive programme for expanding and stimulating its technical cooperation in the area of environmental problems in the developing countries. We see considerable opportunities for involving UNIDO in implementing General Assembly resolution 45/190 ... to alleviate and overcome the consequences of the Chernobyl accident. This resolution, as we know, contains a direct appeal to the specialized agencies of the United Nations system to cooperate to the extent of their competence in overcoming this unprecedented disaster. UNIDO's success will depend on the extent to which the Organization is afforded additional resources in the form of voluntary contributions. This, of course, relates not only to problems of environment and energy. (Ukrainian Soviet Socialist Republic)

(37) We consider that the environmental programme should be financed from extrabudgetary sources, and the energy programme mentioned in document PBC.7/17 should be submitted for approval by the governing bodies. (Mexico)

Mobilization of financial resources for industrial development

(38) We wish to appeal once again to all Member States to show greater understanding for the peculiar needs of the African continent in considering the allocation of resources for the programmes related to the industrial development of the region. UNIDO certainly needs to be more innovative and aggressive in finding new sources of financing for industrial development projects. The thematic approach postulated in paragraphs 84 to 87 as well as the programmes and subprogrammes involved in this area contained in paragraphs 88-91 are to my delegation steps in the right direction. (Nigeria)

(39) We hope that the Secretariat will make great efforts and actively explore new resources so as to raise more funds for the activities as set out in the medium-term plan ... In particular, investment promotion and trust funds have proved to be very good mechanisms for such purpose which resulted in increased funds and this has been recognized by the United Nations General Assembly. The Director-General and the Secretariat should give more attention to them and raise more funds for the industrial development of the developing countries. (China)

Economic Cooperation among Developing Countries and subregional industrial cooperation

(40) We endorse the objectives set for increasing greater cooperation among developing countries contained in the Economic and Technical Cooperation among Developing Countries (ECDC/TCDC) components of the programme elements. Given the sad reality that the target set forth in the Lima Declaration for the share of developing countries in world industrial output is unlikely to be realized, the need for greater cooperation and consolidation of existing subregional and regional economic groupings cannot be overemphasized. (Nigeria)

(41) Due attention should be given to the ECDC/TCDC which have emerged as another important form of international industrial cooperation. There is great potential for such activities, and we hope that UNIDO should give great importance to this area and make greater use of it. (China)

The regional dimension

(42) We appreciate the fact that the revised medium-term plan makes a very clear and unambiguous differentiation between the specific requirements of each region. (Nigeria)

(43) Support for current reforms in developing countries should be a priority for UNIDO which could direct its efforts towards assisting those countries in formalizing industrial policies and strategies in line with the capacities, resources and needs of each and the critical factors involved. That will permit the subsequent development of regional and subregional strategies. (Algeria)

III. OTHER ISSUES

(44) We reiterate that future planning for operations should be done realistically. New

expenditures should be balanced against available resources, particularly bearing in mind the present uncertainties regarding the financial consequences of the changes that may take place in UNIDO. (Netherlands, on behalf of the European Community)

(45) The lofty aims and objectives of the programmes and subprogrammes of the revised medium-term plan are only realizable if adequate financial resources are allocated to them and Member States fulfil their financial obligations to UNIDO on time. (Nigeria)

(46) The carrying out of the activities in the medium-term plan and their quality depend largely on technical support and expertise. Therefore, we hope that UNIDO will seek and provide more technical support and expertise for the industrial development of the developing countries. (China)

(47) We wish to request the Secretariat to amend the proposed programme support for the electronic data processing (EDP) cited in paragraph 245, prior to the fourth session of the General Conference taking into account the final outcome of the consultancy study on EDP. (Philippines)

(48) The Tunisian delegation, having taken note of the medium-term plan as presented in document PBC.7/17, would like to add that its implementation and success depend on important factors such as, firstly, the timely payment of contributions and, secondly, the improvement of the content of the medium-term plan. (Tunisia)

(49) Concerning the fulfilment of the goals of the medium-term plan, there has always been a problem of inadequacy of financial resources and the untimely payment of contributions. (Mexico)

(50) The possibility of publishing a shorter, abbreviated version of the medium-term plan which could be readable and usable for industrialists and other policy-making bodies might be taken into account. (Poland)

IV. ACTION REQUIRED OF THE BOARD

3. The Board may wish to take into account the views summarized in the present report when considering the revised draft medium-term plan, 1992-1997 (PBC.7/17).

Distr.
GENERAL

IDB.8/31
27 May 1991

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Sub-item 11 (g) of the provisional agenda

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE: FINANCIAL REGULATIONS

Tax Equalization Fund

Report by the Director-General

Summary

In compliance with conclusion 1991/6 paragraph (f)(ii) of the Programme and Budget Committee, reports on the use of the Tax Equalization Fund with regard to credits assigned to Member States. Presents proposals for the texts of financial regulations 5.2 (e), 5.3 and 10.1 (b) and of staff regulations 6.8 (b), 6.8 (c) and 6.8 (d).

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Introduction

1. In its conclusion 1991/6 (para. (f)(ii) related to the programme and budgets, 1992-1993, the Programme and Budget Committee requested the Director-General to present to the eighth session of the Board details concerning the use of the Tax Equalization Fund especially with regard to the credits assigned to Member States, as well as to present proposals for the texts still in brackets, namely financial regulations 5.2 (e) and 5.3. The present report is submitted to the Board in compliance with the request of the Programme and Budget Committee.

I. USE OF THE TAX EQUALIZATION FUND

2. Upon entry into force of the Constitution of UNIDO in 1985, and the adoption for the first time of a programme and budgets for UNIDO as a separate organization, Member States were guided by Article 26.2 of the Constitution:

> "2. The rules and regulations governing the organization established by United Nations General Assembly Resolution 2152 (XXI) shall govern the Organization and its organs until such time as the latter may adopt new provisions."

3. The General Conference of UNIDO adopted financial and staff regulations for UNIDO only at its second session, held in November 1987. Until then the Financial and Staff Regulations and Rules of the United Nations remained applicable to UNIDO by virtue of Article 26.2 of the Constitution. Thus a Tax Equilization Fund was established under the United Nations Financial and Staff Regulations.

4. To the United Nations Fund were credited the revenues derived from amounts withheld from the salaries of staff members on account of staff assessment. These amounts were held to the credit of Member States in the proportion of the scale of assessment of contributions to the regular budget and, if not required in respect of a Member State to meet charges for tax refunds to staff members, the amounts were returned to Member States by

V.91 24742 0350E

Distr.: 31 May 1991

deducting the amount of the credit from the assessment for the following fiscal period. The Staff Regulations of the United Nations authorized the Secretary-General to refund staff members the amount of their income taxes in respect of their United Nations income. Practically all Member States of the United Nations, except the United States of America, have accepted Section 18 (b) of the Convention on the Privileges and Immunities of the United Nations, according to which Officials (staff members) shall "be exempt from taxation on the salaries and emoluments paid to them by the United Nations". Thus, the real purpose of the Tax Equalization Fund was to equalize the final net remuneration of all staff members without regard to nationality by neutralizing the effect of the tax liability of United States nationals and permanent residents.

5. Upon the establishment of UNIDO as an organization separate from the United Nations, the Member States, taking into account that very few staff members of UNIDO were liable to pay income taxes on their official salaries and emoluments, initiated the practice of basing the assessment of contributions to the regular budget only on the net budget, thereby excluding the amount of staff assessment or the difference between net and gross salaries. The consequence of this practice is that in UNIDO the Tax Equalization Fund is not funded, since no funds are received which could be credited to the Tax Equalization Fund. Nevertheless, due to the continued applicability of the United Nations Financial Regulations (see GC.2/Dec.25, para. (b)), the official accounts still show the fund as a bookkeeping account.

6. United States nationals and permanent residents have continued to be refunded the amounts paid by them in income taxes levied on their salaries and emoluments from UNIDO. The refunded taxes for the tax years 1986-1989 amount to US$514,091.14, all of which is owed by the United States Government.

II. FINANCIAL AND STAFF REGULATIONS

7. In 1986 and 1987 Member States considered proposals by the Secretariat for new financial and staff regulations for UNIDO. With respect to nearly all other matters than the Tax Equalization Fund, a consensus was reached so that, upon recommendation of the Board, the General Conference at its second session in November 1987 was able to adopt decision GC.2/Dec.25, establishing new financial regulations, and decision GC.2/Dec.29, establishing new staff regulations for UNIDO. Concerning the financial regulations, the General Conference in paragraph (b) of decision GC.2/Dec.25

> "requested the Director-General for the time being to continue to apply, in accordance with Article 26.2 of the Constitution, the provisions of the financial regulations of the United Nations, namely the chapeau and subparagraph (e) of regulation 5.2, concerning those regulations on which no consensus had been reached, namely regulations 5.2 (e) and 5.3."

8. Similarly, concerning the staff regulations, the General Conference in paragraph (c) of decision GC.2/Dec.29

> "requested the Director-General for the time being to continue to apply, in accordance with Article 26.2 of the Constitution, the provisions of the Staff Regulations of the United Nations 3.3 (e), 3.3 (f) and the pertinent provisions of Article XII, concerning those regulations on which no consensus had been reached, namely 6.8 (c), 6.8 (d) and 13.4."

(A text for staff regulation 13.4 was subsequently adopted by the General Conference in its decision GC.3/Dec.27.)

III. PROPOSALS

9. Considering that also in the future there will be only a few staff members that are liable to pay income taxes on their official salaries and emoluments, Member States may consider it desirable to abolish the legal requirement of a Tax Equilization Fund, thereby simplifying the presentation of UNIDO's financial statements and reducing the related unproductive administrative work. By discontinuing the Tax Equalization Fund, Member States also would act consistently with the now firm practice of calculating the assessment for the regular budget only on a net basis, excluding staff assessment. Although in the view of the Director-General it would bring administrative simplification to terminate the Tax Equalization Fund, it would be necessary for legal reasons, when amending decisions GC.2/Dec.25 and GC.2/Dec.29, for the General Conference to adopt (a) a financial regulation requiring any Member State that levies taxes on the official salaries and emoluments of staff members to refund the Organization and (b) a staff regulation authorizing the Director-General to refund staff members the amount of such taxes. Accordingly, the Board may wish to consider the proposals set out below and, if acceptable, recommend them to the General Conference at its fourth session for adoption.

IV. ACTION REQUIRED OF THE BOARD

10. The Board may wish to consider the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the report by the Director-General on the Tax Equalization Fund (IDB.8/31);

"(b) Recommends to the General Conference at its fourth session that it

"(i) Decide to delete from the Financial Regulations of UNIDO the text of regulations 5.2 (e), and 5.3, which appear between brackets, and of regulation 10.1 (b)(iii);

"(ii) Decide to adopt instead a new financial regulation 5.3 reading

'Tax Equalization

5.3. When a staff member, notwithstanding Section 18 (b) of the Convention on the Privileges and Immunities of the United Nations or Section 19 (b) of the Convention on the

Privileges and Immunities of the Specialized Agencies, as applicable, is subject to national income taxation in respect of the salaries or emoluments paid to him or her by the Organization, the Member State levying such taxes shall refund the Organization the amount received during the preceding financial year.';

"(iii) Decide to delete from the Staff Regulations of UNIDO the text of regulation 6.8 (b), last sentence, as well as the text of regulations 6.8 (c) and 6.8 (d) which appears in brackets;

"(iv) Decide to adopt instead a new staff regulation 6.8 (c) reading

'(c) Where a staff member, notwithstanding Section 18 (b) of the Convention on the Privileges and Immunities of the United Nations or Section 19 (b) of the Convention on the Privileges and Immunities of the Specialized Agencies, as applicable, is subject to national income taxation in respect of the salaries or emoluments paid to him or her, the Director-General shall refund the staff member concerned the amount paid during the preceding financial year.';

"(v) Requests the Director-General to implement the above new financial and staff regulations as of 1 January 1992 and to amend the financial and staff rules accordingly."

Distr.
GENERAL

IDB.8/32
14 June 1991

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Item 19 of the provisional agenda

INDUSTRIAL DEVELOPMENT COOPERATION AND THE DIVERSIFICATION AND MODERNIZATION OF PRODUCTIVE ACTIVITIES IN DEVELOPING COUNTRIES

Report by the Director-General

Summary

Presents recommendations on strengthening effectively industrial development cooperation and fostering the diversification and modernization of productive activities in developing countries, in response to General Assembly resolution 45/196.

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Introduction

1. While reaffirming the role of UNIDO as the coordinating organ in the United Nations system having primary responsibility for promoting and accelerating industrial development and the transfer of industrial technology to developing countries, United Nations General Assembly resolution 45/196 of 21 December 1990, inter alia, recommended (para. 10) that the Administrative Committee on Co-ordination (ACC) examine ways and means of fostering United Nations system activities with regard to industrial development cooperation and the diversification and modernization of productive activities in developing countries and report thereon, through the Secretary-General, to the General Assembly at its forty-sixth session. The resolution also recommended (para. 11) that UNIDO, in close cooperation with the appropriate organs, organizations and bodies of the United Nations system, including the regional commissions, make recommendations to the General Assembly through the Economic and Social Council (ECOSOC) with a view to strengthening effectively industrial development cooperation and the diversification and modernization of productive activities in developing countries.

2. The present report has been prepared in response to that resolution and is intended:

(a) To provide the recommendations requested of UNIDO (para. 11 of the resolution);

(b) To constitute the UNIDO contribution to the report to be prepared by ACC (para. 10 of the resolution);

(c) To provide a contribution to the report to be prepared by the United Nations Secretary-General on ways and means of promoting the enhancement of United Nations activities with regard to the training of scientists, engineers and entrepreneurs from developing countries as well as to provide inputs to the Secretary-General

V.91 25491 0603E

Distr.: 20 June 1991

for the preparation of the United Nations medium-term plan (paras. 9 and 12 of the resolution).

3. The comments and recommendations contained in the present report are based largely on the UNIDO medium-term plan, 1990-1995 (GC.3/17), as approved by the General Conference in resolution GC.3/Res.21, on other resolutions and decisions relating to the subject and adopted by the General Conference at its third session and by the Industrial Development Board at its sixth and seventh sessions as well as on the cross-organizational programme analysis of the activities of the United Nations system on industrial development, presented by the Secretary-General of the United Nations to the Economic and Social Council in June 1990 (E/AC/51/1990/6).

4. In line with the request that the recommendations be prepared in close cooperation with the appropriate organs and organizations of the United Nations system, including the regional commissions (resolution 45/196, para. 11), the contents of the present report were transmitted to the ACC at its first regular session of 1991 not only in connection with paragraph 2 (b) above but also for review in connection with paragraph 2 (a) above. Due to the rather limited time available for the preparation of the document and, thus its late submission, the ACC did not review the draft report at its first regular session in 1991. Therefore, before finalizing the present document, UNIDO invited the concerned sister organizations to submit their comments and suggestions in writing to the UNIDO Secretariat by 31 May 1991.

5. The International Labour Organisation (ILO), the World Health Organization (WHO) and the International Fund for Agricultural Development (IFAD) reacted within the indicated deadline. They praised the UNIDO submission in general, but did not offer detailed comments. ILO indicated its desire to be fully involved in the eventual implementation of recommendations covering aspects of human resource development, entrepreneurship promotion, support to small- and medium-scale industry, upgrading of technological capabilities and supporting integration of women into industrial development activities. WHO made reference to its Action Programme on Essential Drugs and stressed the significance of modernization and technological upgrading as well as diversification and industrial recovery in the context of its activities related to production of essential drugs and vaccines.

6. Within the mandate of UNIDO the subject matter of resolution 45/196 is fully addressed by the present report, while certain elements are the subject of special proposals in order to satisfy specific issues raised in that resolution, namely:

(a) An analysis of the medium/long-term evolution of the industrial sector in view of the new technological dynamics and recent macro-economic events (paras. 1 and 2);*

(b) The issue of access and transfer to developing countries of environmentally sound technologies (para. 3), also to be addressed by the UNIDO International Conference on Ecologically Sustainable Industrial Development to be held at Copenhagen, Denmark, from 14 to 18 October 1991;

(c) The question of technological upgrading (paras. 4 and 5);

(d) The contribution of the UNIDO special trust fund schemes in developing alternatives to traditional assistance programmes (para. 6) and in complementing existing multilateral assistance programmes;

(e) A joint effort to assist developing countries in the formulation of country-based programmes and plans for industrialization (paras. 6 and 8). Such a joint effort would correspond to the recent emphasis on programming within the operational activities of the United Nations system;

(f) Economic and technical cooperation among developing countries (para. 7);

(g) A plan of action to enhance the activities of the United Nations system relating to the training of scientists, engineers and entrepreneurs from developing countries (para. 9).

I. THE INTERNATIONAL ECONOMIC ENVIRONMENT

7. The decade of the 1980s witnessed unmistakable signs that the world economy is being integrated at an accelerated pace. Rising international trade volume and foreign direct investment, rapid diffusion of technological progress and the formation of close links between the financial markets of Frankfurt, Hong Kong, London, New York, Singapore and Tokyo are all aspects of this phenomenon. Regional integration movements have been superimposed on the overall globalization, as may be seen in the progress towards a single European Community market, the Free Trade Pact between Canada and the United States of America, and the Asia-Pacific Economic Co-operation Council. Eastern Europe and the Union of Soviet Socialist Republics have also recently joined the trend of global integration by opening up their economies. This trend towards an integrated global industrial economy is leading to fierce competition where only the fittest enterprises will survive. The intensified global competition will also widen interregional and intercountry gaps in income, industrial capacity and technology in the next decade.

8. The current technological revolution is bypassing large parts of the developing world. The long-term prospects, particularly of sub-Saharan Africa and to a lesser extent Latin America and the Caribbean region, appear bleak. During the 1980s, the two regions registered an annual manufacture value-added (MVA) growth of 0.5 per cent and 1.6 per cent, respectively. Those rates, being below population growth rates, imply negative growth of per capita industrial activity. Under a heavy burden of debt servicing, day-to-day crisis management takes precedence over policies favouring long-term progress in technology and innovation. Yet, the solution of the debt problem for sub-Saharan Africa and Latin America and the Caribbean requires wide-spread industrial diversification and modernization through technical innovation, given the natural growth limits in primary commodity sectors.

* References in parentheses refer to paragraph numbers of resolution 45/196.

9. Gaping regional industrial disparities have prompted a world-wide debate on industrial competitiveness and the role of government policy. The ongoing disputes between Japan, the United States of America and countries of Western Europe illustrate the seriousness of the issue.

10. Virtually all major regions of the world have experienced economic reforms in various degrees during the 1980s. The successes and failures have yielded case material from which to draw valuable lessons for policy makers, particularly in developing countries. The centrally planned economies in Eastern Europe and in the Union of Soviet Socialist Republics have opted for reform to enhance efficiency by introducing market competition. One of the aims is to attract superior technology and capital from abroad to diversify and modernize their industry. Among developing countries, some of the economies of South and East Asia have demonstrated that the technological progress of the West can be repeated elsewhere. The Asian experience, though often considered non-transferable, could provide important lessons for other developing countries.

11. In the face of the formidable challenge posed by the continued uncertainty of the world industrial outlook, the efforts to seek realistic solutions to the complex problems of industrial development should not slacken. The next decade demands innovative approaches to international cooperation so as to bring about a broader and more resilient industrial base in the developing countries that can withstand recurrent turbulences in the international economic environment, achieve greater harmony with their basic resource endowments and create comparative advantages.

Recommendation

12. The General Assembly may wish to request UNIDO to prepare a study of long-term world industrial structure, as developing countries face growing challenges to their industrial and technological development. Such a study might address the interrelated questions of: employment generation; changing terms of trade; environmentally sustainable industrial development; changes in the direction, structure and modalities of international trade and resource flows; new perceptions of the role of government; and modalities and priorities in human resource development.

II. GENERAL APPROACH OF UNIDO TO DIVERSIFICATION AND MODERNIZATION OF INDUSTRY

13. The primary objective of UNIDO is the promotion and acceleration of industrial development in the developing countries. Industrialization is a long-term process of structural and technological transformation, and UNIDO is committed to promote that process by focusing its assistance on key problem areas, especially in the poorest countries, and by stimulating concerted efforts.

14. The most important part of the UNIDO mandate is the provision of technical cooperation activities. Recent measures undertaken by UNIDO have helped to boost technical cooperation deliveries from $133.8 million in 1989 to $159.6 million in 1990, an increase of $25.8 million or 19.3 per cent. Over the same period, the volume of projects scheduled for implementation, the stock of UNIDO projects, rose from $252.5 million at the end of 1989 to $255.6 million at the end of 1990. A major UNIDO target is the effective mobilization of project financing resources mainly through self-financing and third-party trust fund arrangements. The outcome of the Organization's endeavours is reflected in the recent growth in trust fund project delivery and the continued financial support that Member States give to the Industrial Development Fund. Project expenditures under self-financed and third-party trust fund schemes increased from $16.5 million in 1989 to $25.7 million in 1990. Pledges to the Industrial Development Fund totalled $29.8 million in 1990, an increase of $3.9 million, or 15 per cent, over 1988.

15. A significant part of UNIDO technical cooperation activities relates to its industrial investment promotion programme, whose primary objectives are to develop an integrated promotional approach to industrialization including the transfer of cleaner, safer, and cost-effective technologies. Efforts in this direction were rewarded by an increase in the industrial investment projects that were successfully promoted - from 143 projects, valued at $556.4 million in 1989, to 170 projects, valued at $699 million in 1990.

16. In examining the issues raised in General Assembly resolution 45/196, UNIDO priorities, as reflected in its medium-term plan, 1990-1995 (GC.3/17) are presented as follows:

(a) The human factor:

(i) Human resource development

(ii) The integration of women in industrial development

(b) Modernization: the challenge of technology:

(i) The development and transfer of technology

(ii) Environment and energy

(iii) Economic and technical cooperation among developing countries and subregional industrial cooperation

(c) Diversification: industrial recovery:

(i) Mobilization of financial resources

(ii) Industrial rehabilitation

(iii) The development of small- and medium-scale industries

In addition, the following cross-cutting issues are addressed:

(d) The regional dimension

(e) Inter-agency cooperation.

A. The human factor

Human resource development

17. Human resource development should be seen as both a precondition for and a consequence of

industrial development. From the point of view of UNIDO, this calls for attention not only to the practical aspects of the functioning of education and training systems, but also to a whole range of strategic and institutional issues of industrial development. Careful consideration should be given to basic strategic issues, finding the appropriate blend of less advanced and newly emerging advanced technologies in upgrading education and training systems and in creating the institutions that will motivate and enable entrepreneurs to utilize evolving employment opportunities. Particularly important for the developing countries are the growing challenges created by rapid technological change, changes in international markets and price structures and other factors that affect international comparative advantages, such as the evolution of major trading blocs.

18. The primary objective of UNIDO in this priority area is to build up in developing countries coherent and sustainable systems for upgrading local technological, managerial, and entrepreneurial capabilities, and to utilize them for industrial development. This broad objective is addressed through programmes where UNIDO can act as a catalyst and stimulator of action and change. Target groups include: (a) policy makers at the national and regional level; (b) industrial and professional associations; (c) private-sector enterprises; (d) technical and financial institutions; (e) international technical cooperation agencies and institutions; and (f) women.

19. Training services provided by UNIDO in various specialized fields are oriented primarily towards the training of trainers, placing the emphasis on the development of new institutional training programmes at national, subregional and regional levels. Seminars and training workshops focus on critical areas such as repair and maintenance, quality assurance and control, investment project preparation, appraisal and promotion, enterprise and factory management, contract negotiation for the transfer and acquisition of technology, small-industry extension services, as well as energy conservation and substitution, industrial safety and environmental protection. Cooperation in long-term institution-building projects incorporates, wherever desirable, a policy research component so as to ensure maximum feedback to national human resource development policies and the design of training systems. Attention focuses on establishing the institutional infrastructure for industry, comprising education, training, technological research and development, information, communication, investment and technology transfer and extension services. Efforts are also made to ensure that every technical cooperation project has a maximum impact on the host country in terms of human resource development.

20. Especially in relatively advanced and specialized technological fields, emphasis is placed on complementarity, diversification and interlinkage of training programmes and facilities among neighbouring developing countries that offer opportunities for industrial cooperation. Cooperation with other organizations of the United Nations system, especially with the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Bank, is as important as drawing on the experience of non-governmental organizations, industrial enterprises and other institutions involved in human resource development for industry.

The integration of women in industrial development

21. The last two decades have witnessed a substantial increase in the participation of women in industrial activities. In the 1980s, the proportion of women in the formal industrial labour force has increased in some developing countries to a level higher than in any developed country. Women also contribute significantly to the informal production sector as invisible, i.e. hidden, or unregistered workers. However, while there has been a numerical gain for women in terms of overall employment in industry, they have yet to be integrated into all occupations and sectors and to obtain the conditions and significance of work comparable to those of men. It is therefore important to ensure that, as part of the human resource planning process, women have access to educational opportunities at all levels and, in particular, to industry-related skills training.

22. UNIDO therefore seeks to integrate women into the process of identification, design and implementation and evaluation of technical cooperation programmes and projects. Integration is sought in particular in industrial sector and subsector planning, human resource development, in agro-industries and in small-scale industry promotion, as well as in industrial study and research activities. Guidelines for their consideration in the project design, management and evaluation processes have been developed to this effect. In addition, special training programmes for women in technical, managerial and entrepreneurial areas have been developed and training institutes in developing countries are encouraged and assisted to organize courses for women. These endeavours are supplemented by expert group meetings and seminars designed to discuss specific strategies, refine approaches for the advancement of women in industry and enhance awareness among policy makers of these issues. In pursuing its efforts in this regard, UNIDO cooperates with other organizations and organs of the United Nations system, in particular, the International Fund for Agricultural Development (IFAD), the International Labour Organisation (ILO), the United Nations Development Programme (UNDP), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the United Nations Development Fund for Women (UNIFEM). Activities are promoted taking into account the recommendations contained in the United Nations system-wide medium-term plan for women and development (cf. E/1987/52; Economic and Social Council resolution 1987/86) as well as the UNIDO medium-term plan, 1990-1995 (GC.3/17).

Recommendation

23. The General Assembly may wish to recall resolution GC.3/Res.8 of the General Conference of UNIDO on development of human resources and the comprehensive policy framework for UNIDO operations in that area contained in document GC.3/8 submitted to the Conference.

In this connection, UNIDO should strengthen coordinated and comprehensive approaches to human resource development especially where recipients of UNIDO assistance are determined to implement national programmes to upgrade their industrial structure. It is particularly important that human resource development policies and programmes are consistent with efforts at industrial upgrading, particularly in the area of industrial technology. In such programmes, cooperation with other relevant United Nations organizations in their areas of competence is essential. Given the central role of human resource development in industrial development, UNIDO should take the initiative in formulating an action plan on training in the fields of applied research, engineering and entrepreneurship for industrial development, ensuring the inclusion of women in the target groups.

24. The General Assembly, bearing in mind General Conference resolution GC.3/Res.15 on the integration of women in development, may wish to emphasize the necessity of specific efforts to consider women in the process of human resource planning with the aim of increasing their participation at national, regional and international decision-making levels, and thus recognizing and promoting their contribution to industrial development.

B. Modernization: the challenge of technology

The development and transfer of technology

25. The development of indigenous technological capabilities is a decisive factor in industrial survival and poses a challenge to developing countries, compelling them to adopt strategies for research and development, and create and support the necessary infrastructure. Many developing countries still lack the critical elements of a technological system essential to industrial development such as: (a) technology policy and its integration with industrial development policies and plans; (b) access to and acquisition of technology, including the negotiation and monitoring of technology transfer contracts; (c) development, adaptation and diffusion of technology, (d) strengthening of domestic technological infrastructure and its links to industrial operations; and (e) development of technological information systems and related extension services, including capabilities for monitoring new and old technologies.

26. Programmes of industrial upgrading through new investment and technology improvement can lead to dynamic efficiencies and create new comparative advantage. Success or failure of mastering technology is determined operationally by product competitiveness in open markets. Programmes of industrial upgrading should involve mutually reinforcing elements which also provide product selection criteria, the most important being (a) ascending the "technology ladder", (b) increasing inter-industry linkages, (c) augmenting domestic value-added of export products, and (d) creating new opportunities for investment. Support for industrial upgrading programmes usually requires the coordination of national technology policy with investment policy. There are indications that technological performance may be more closely tied to different institutional contexts than to the economic signals which markets produce. Industrialized countries learn from each other's institution building experiences; for example, the attempts from some of these countries to copy and adapt to local conditions such phenomena as the Japanese Kanban (just-in-time) system and the multi-functionality of workers; the multidisciplinary team approach in developing high technology products, incorporating in an integrated manner various disciplines including engineering, marketing, finance, supply and procurements. Developing countries could examine the experience of other developing countries and of industrialized countries in building institutions and devising mechanisms which: increase competitiveness in international markets; encourage risk-taking in mastering new technologies; and alleviate market imperfections arising from prohibitive information costs. Temporary protection for domestic technology development may be necessary, but ultimately it must compete with imported technology. In the long run, the "import or invent" choice is not mutually exclusive, since the greater the capability of domestic invention, the greater the capability of absorbing and mastering imported, up-to-date technology. In a long-term dynamic sense both approaches are mutually reinforcing.

27. The primary objectives of the UNIDO development and transfer of technology programme are: (a) to increase the awareness of the developing countries in the implications of emerging technological changes; (b) to facilitate their access to technology sources; (c) to assist them in strengthening their domestic technological capabilities so as to translate new opportunities into action programmes; (d) to promote broader participation of the developing countries in international technological development; and (e) to improve regional cooperation, especially through the establishment and improvement in the developing countries of centres of excellence and similar scientific and technological development institutions.

28. UNIDO emphasizes the integration of industrial and technological development through: (a) research and studies on technology, focused on three main areas: the impact of new technologies on socio-economic development; the trends and cooperation potentials in specific industrial sectors; and cross-sectoral strategies for technological development; (b) technical cooperation in creating and strengthening basic technical infrastructure for industrial development with particular regard to repair and maintenance, quality assurance and control, product and process engineering, R and D, and related extension services within a clearly structured national policy framework, including measures specifically designed for small- and medium-scale industry development; (c) promotional activities, consisting of ad hoc advisory services, awareness workshops and enterprise-to-enterprise cooperation; (d) advisory services through the UNIDO Technological Information Exchange System (TIES) on technology negotiation and acquisition, supplemented by intensified dialogue between technology suppliers and recipients and periodic studies on international technology markets; and (e) technological information services, primarily through the UNIDO Industrial and Technological Information Bank (INTIB) network.

Environment and Energy

29. Over the past 25 years, the rapid growth of industrial production has had an impact on the global natural resource base through the entire cycle of raw materials exploration and extraction, energy consumption, waste generation and the use and disposal of products by consumers. While some of the impact of industry has been positive, e.g. employment generation and technical progress, enhancing the quality of products or extending use, the negative effects, as a result of environmental pollution and of depletion or degradation of resources, have increasingly come to be recognized.

30. Even though much of the pollution is caused by the heavily industrialized countries, many developing countries are increasingly aware of the hazards of industry and are introducing environmental protection measures and resource conservation policies and programmes. Industry and research institutions have also responded by developing new non-polluting technologies and production processes, an endeavor to which biotechnology and genetic engineering can make a major contribution. Industrial solutions, however, are based mostly on short-term economic considerations and often do not take account of social costs as long as they are not reflected in market prices. Clearly, pronounced public policy involvement is essential in introducing longer-term solutions to environmental problems. Most developing countries, however, lack experience in dealing with environmental problems; their institutional infrastructure for monitoring the industrial environment is often inadequate. Each country has its unique macro- and micro-environmental characteristics which call for flexibility in linking industry-specific policies and economy-wide environmental policy.

31. Energy is a fundamental development issue closely related today to environment. Growth, particularly in the developing countries, calls for major reconsideration of the use of energy. In view of the swift growth in energy consumption in the developing countries (over 3.5 per cent per annum since 1980) energy policies must take account of the environmental impact of fossil fuel consumption which is still the major source of energy. In the short term, efforts must be made to increase the efficiency of energy use and conservation; in the medium and long term a shift should be made from the use of coal and oil to gas and hydroelectricity, solar energy and other renewable resources.

32. The UNIDO environment programme aims at ensuring the environmental sustainability of industrial development and maximizing the beneficial impact of industry on the quality of life by minimizing its adverse environmental effects. UNIDO has initiated a vigorous activity that consists of in-house staff training, promotional work directed towards clean, low-waste, energy-efficient and recycling or re-use technologies, technical assistance in pollution control, as well as related research and information activities. In line with the recommendations of the United Nations Committee on Programme and Coordination, at its thirtieth session, on the cross-organizational programme analysis on industrial development, UNIDO has sought close cooperation with the United Nations Environment Programme (UNEP) and the World Bank in promoting those activities. An environmental database is to be developed at UNIDO Headquarters containing details of environmental standards and the environmental implications of technologies, as well as monitoring devices for environmental management. More importantly, the forthcoming UNIDO International Conference on Ecologically Sustainable Industrial Development (ESID) is to be held at Copenhagen, Denmark (14 to 18 October 1991), to examine efforts made for achieving sustainable industrial development. The Conference will assist Member States in arriving at a better understanding of how the industrial sector - in both developing and developed countries - can expand without jeopardizing the state of the environment for future generations. It will explore the roles of industry, Government and international cooperation in ensuring that cleaner production concepts and technologies are fully available to developing countries on reasonable terms and, in particular, it will discuss industrial sector issues which may be of relevance to the 1992 United Nations Conference on Environment and Development.

33. Technical cooperation and other activities of UNIDO in the energy field will be fully integrated with the United Nations efforts. In line with its upcoming energy programme, UNIDO will continue to participate actively in the United Nations system-wide coordinated efforts to assist developing countries in R and D related to new and renewable sources of energy and associated technologies. In respect of both environment and energy, UNIDO will continue to work in close cooperation with UNEP, the Economic Commission for Europe (ECE), the International Atomic Energy Agency (IAEA), UNDP, ILO, FAO, WHO and UNESCO and other appropriate international institutions.

Economic and technical cooperation among developing countries

34. Economic and technical cooperation among developing countries (ECDC/TCDC) enjoy general political support, yet the translation of these concepts into concrete industrial projects still has not reached the desired level. This is partly due to the difficulty of financing ECDC/TCDC projects and of translating general political proclamations into operational commitments. ECDC/TCDC seems to work best with a "bottom-up" approach based on identified capacities and the needs of partners. Key ingredients for success are reliable and up-to-date information on beneficiaries' real interests, suppliers' proven capabilities, as well as properly functioning mechanisms to bring the two together at the subregional, regional or interregional level. Moreover, substantial differences exist in technological mastery and efficiency between firms within a single country, subregion or region, providing opportunities to learn and to benefit nationally, subregionally, regionally and interregionally, from individual firms' technology and skill levels, in specific branches of industry and in the manufacture of particular industrial products.

35. The basic thrust of ECDC activities is to utilize and strengthen existing institutional bases at the national, subregional and regional levels for development in areas such as: identification of industrial and technological problems amenable to ECDC or TCDC solutions; matching demands for economic and technological cooperation with the capacity of Governments, institutions and enterprises to supply expertise,

equipment and other services and to share experience and facilities; promotion of and support for technological centres of excellence and networks concerned with the development and transfer of technology; the development of local consultancy capacities for industrial rehabilitation and restructuring; exchange of experience among national extension service institutions and industrial associations; and promotion of enterprise-to-enterprise cooperation in order to realize industrial complementarity schemes.

Recommendation

36. The General Assembly may wish to take note of resolution GC.3/Res.7 of the General Conference of UNIDO on development and transfer of technology and may wish to emphasize its importance, including the strengthening of negotiating capabilities for the acquisition of technology, and of the development of industrial skills, particularly technological, engineering and entrepreneurial capabilities. Adequate resources should be allocated for these purposes in national budgets and technical cooperation programmes with multilateral and bilateral funding agencies.

37. The General Assembly may also wish to stress the need for developing countries to formulate national programmes of industrial upgrading by identifying new priority sectors and products in which efficiency-based growth is desirable and feasible. Developing countries could provide comprehensive support for such national programmes by revising and coordinating national technology policy with investment policy. Bilateral and multilateral cooperation and financing agencies should give priority support to national programmes of industrial upgrading.

38. The General Assembly may wish to take note of resolution GC.3/Res.16 of the General Conference of UNIDO related to the environment and industrial development. Environmental degradation is closely related to poverty and underdevelopment and the promotion of economic and social development represents an essential factor for the protection of human health and the environment. Neglect of the environment in industrial development may lead to irreversible damages and will at any rate increase the cost of development in the long term by diverting resources to restore the ecological balance and to mitigate adverse health effects. It is important that all countries strengthen and support the development of sustainable mechanisms and appropriate decision-making procedures to respond to environmental protection needs, including access to and transfer of needed environmental technologies for industrial development. Financial contributions to the UNIDO environment programme should be increased, and UNIDO should strengthen coordination with other United Nations agencies.

39. The General Assembly may wish to recall General Conference resolution GC.3/Res.9 on economic and technical cooperation among developing countries. It is important that UNIDO seeks to promote a better flow of information on programmes for upgrading industrial capability among developing countries, particularly through the TCDC Information Referral System (INRES-South) of UNDP. Greater efforts should be devoted to exchanges of information on technology, skill levels and competitive efficiency among industrial enterprises engaged in the same product or industrial branches at the subregional, regional and interregional levels, using INRES-South and other effective methods. It is essential that increased financial support through voluntary contributions be given to ECDC/TCDC programmes.

40. UNIDO should initiate, in consultation with the regional commissions and other relevant United Nations bodies, measures aimed at either establishing or strengthening existing regional associations of small-scale industrial enterprises and regional databanks and thus provide a forum for the exchange of information on the development of entrepreneurial capabilities.

C. Diversification; industrial recovery

The mobilization of financial resources

41. The debt crises that marked the 1980s have led to certain shifts in the policies adopted by major financing institutions. As a result of increased commercial and political risks faced by lenders and investors to highly indebted developing countries, the flow of external resources to the industrial sector of those countries has been affected severely. The difficulties associated with investment include an unattractive investment climate for local and foreign entrepreneurs, a lack of well-prepared investment projects, and difficulties in finding qualified investors and entrepreneurs. High transaction costs and risks associated with their direct involvement in international cooperation frequently prevent small- and medium-scale enterprises in industrialized countries from seeking business cooperation opportunities in developing countries. On the other hand, domestic entrepreneurs in developing countries have inadequate access to essential information on capital sources and markets, and inadequate design and engineering skills to compete in foreign markets.

42. In order to revitalize industry in developing countries, UNIDO aims to find new ways of increasing the international flow of finance to productive industrial investment by supporting investment policy formulation including investment codes attractive to foreign capital; by working more closely with financial institutions in developing countries; by identifying, appraising and promoting industrial investment opportunities; and by promoting enterprise-to-enterprise cooperation through direct foreign investment and technical cooperation agreements. Three interrelated activities are particularly important: (a) timely assistance in identifying investment opportunities and preparing pre-investment and feasibility studies; (b) the identification of domestic sponsors and potential partners providing finance, technology and/or management for investment projects; and (c) strengthening local investment promotion institutions.

43. The network of UNIDO Investment Promotion Service offices (Cologne, Milan, Paris, Seoul, Tokyo, Vienna, Warsaw, Washington and Zurich) and the Industrial Cooperation Offices (Beijing and Moscow), play a particularly constructive role in increasing the flow of resources to industry in developing countries. They serve as UNIDO's windows to industry in their respective countries, facilitating international industrial cooperation schemes.

Industrial rehabilitation

44. The need for industrial rehabilitation - a dominant feature of industrial structure adjustment - arises from problems at the level of firms, either caused internally or by changes in the economic environment. Internal problems may stem from the erroneous planning of projects, mismanagement, obsolete technologies, and other inadequacies in industrial and technological systems. External problems include the impact of macroeconomic changes resulting from external shocks, policy failures, inadequate infrastructure, austerity measures, foreign exchange crises, and growing adjustment pressures. As a remedy, it is essential to examine new opportunities for profitable investment after reorienting industries in an "enabling" environment created by fiscal, financial and institutional reforms. Also important is the strengthening of basic industrial information systems and the support to technical infrastructures related to such activities as research and development, repair and maintenance, quality assurance, management consultancy, market surveys and investment opportunity studies required as a result of the changed macroeconomic environment.

45. UNIDO industrial rehabilitation activities also aim at strengthening the capabilities of national industrial policy and development finance authorities to assess the requirements of industrial rehabilitation at the enterprise, subsectoral and sectoral levels and to put into effect appropriate policies and financial packages to revitalize troubled industries.

46. UNIDO approaches industrial rehabilitation at three levels, emphasizing: (a) diagnostic activities covering various aspects of plant operations, leading up to comprehensive rehabilitation projects and examination of their feasibility; (b) the development of programmes for institutional support, structural rationalization and the creation of rational and cohesive production structures; and (c) the policy implications of efforts undertaken at the first two levels and the promotion of appropriate measures. It is important to link sector-wide rehabilitation strategies to micro-level analyses of enterprises and their modernization potential.

The development of small- and medium-scale industries

47. In the developing countries, the formal sector of small- and medium-scale industries contributes between 10 and 20 per cent of industrial output and provides 40 to 60 per cent of industrial employment. The great potential of these industries, especially in terms of their contribution to employment and for a broader and more dynamic base for industrialization, is a major promise. At the same time it is a major challenge owing to the difficulties in fostering their development. This challenge is all the more urgent in many debt-ridden developing countries, given the fragility of import-substitution industries dependent on foreign equipment and managerial resources, and imported raw and intermediate materials. Promoting domestic resource-based and local market-oriented industries calls for innovative approaches to creating an appropriate environment along with a supporting business infrastructure for entrepreneurs in small-scale industries.

48. The policy mix in support of small-scale industry should cover such factors as the legal system governing property and contract rights, regulatory and promotional policies, credit availability, fiscal incentives, macroeconomic policies, and technological extension services, taking due account of the need to bring about the effective integration of women in the sector. Improving the volume and quality of financing from the banking sector is a particularly important need for small-scale and rural industries. Appropriate policy reforms should therefore be accompanied by improvements in the institutional structures of financial services. A truly viable sector of small- and medium-scale industries will eventually have to be fully integrated with the modern industrial sector.

49. The primary objectives of the UNIDO small- and medium-scale industry programme are to stimulate small business enterprises in rural areas and to develop skill-intensive small- and medium-scale industries. The UNIDO approach is to: (a) develop support structures to serve existing and new small industries, including rural industries; (b) provide opportunities for the effective integration of women in the industrial development process; (c) devise ways and means of expanding the productive and technological links between small independent firms and larger-scale industries both within and among countries; (d) improve local technological facilities to support small, technology-intensive industrial ventures; and (e) promote joint maintenance schemes, quality assurance, instrumentation and standardization, testing and market research for export-oriented industries.

Recommendation

50. The General Assembly may wish to recall UNIDO General Conference resolution GC.3/Res.5 and document GC.3/3/Rev.1 on the mobilization of financial resources for industrial development including the UNIDO programme for industrial investment promotion. The effective promotion of direct mobilization of financial resources is important as is the improvement of systems to attract resources. UNIDO should strengthen its assistance to the developing countries through promoting joint ventures between domestic and foreign partners. National institutions for investment promotion should be strengthened and reformed through the provision of expertise, and staff training in investment-related activities, including identification, formulation, evaluation, promotion and implementation activities. Such activities should be fully coherent with national programmes for upgrading the industrial structure.

51. Regarding voluntary funding for technical cooperation, General Conference decision GC.3/Dec.25, para. (e), calls for an increase of the Industrial Development Fund (IDF) to the desirable funding level of $50 million annually. The achievement of that modest increase is important, particularly since IDF can provide valuable funding for preparatory assistance to large-scale technical cooperation projects and programmes. Such funding can also result in technical partnerships, transfer of technology and investment in industrial projects.

52. It is essential that multilateral agencies expand their activities - taking into account the debt burden - especially with regard to pre-investment activities, contract negotiations

and financing. Cooperation between UNIDO and financing institutions is important, especially in the promotion of investment and in the rehabilitation and the restructuring of industry. In this regards, UNIDO should develop innovative approaches to financing industry, recognizing the impact of external debt, and should give greater attention to institutional analysis and reform, taking into account the historical and cultural backgrounds of each country. In this connection, developing countries should re-examine their institutional arrangements to provide incentives and mechanisms which facilitate programmes of industrial upgrading.

53. UNIDO should strengthen its activities in support of the small- and medium-scale industry sector, in particular those geared to strengthening national institutions which provide the infrastructure to the sector. A crucial aspect of this issue is the linkages between small- and medium-scale industries and larger enterprises, as well as with export markets.

D. The regional dimension

54. The developing countries' net gain in their share in world manufacturing value-added was up by a meagre 1.9 per cent from 1975 to 1989 for a total of 13.0 per cent. Against this background, the General Conference in its resolutions GC.3/Res.10, GC.3/Res.17 and GC.3/Res.18 approved the Second Industrial Development Decade for Africa, the regional cooperation programme for the industrial recovery of Latin America and the Caribbean, and a special programme for the industrial development of Asia and the Pacific; and the Industrial Development Board in its decision IDB.6/Dec.2, established a special programme for industrial development in the Arab countries.

55. The least developed countries continue to receive high priority as recipients of UNIDO technical cooperation. Many of those countries need to reformulate their industrialization strategies in the light of the radically changed external economic environment. The response of UNIDO includes strategies for the industrial development of the least developed countries; market studies; the preparation and evaluation of investment projects; revitalization of ailing industries where economically feasible; expansion of training opportunities; and the continued allocation of resources to permit participation from the least developed countries in UNIDO-sponsored meetings, technical workshops, training programmes and seminars. At present, UNIDO is preparing a special action plan as a follow-up to the second United Nations Conference on the Least Developed Countries, held in Paris in 1990. Many of the activities will at the same time contribute significantly to the Second Industrial Development Decade for Africa where most of the least developed countries are located.

Recommendation

56. The General Assembly may wish to recall resolution GC.3/Res.11 of the General Conference of UNIDO, on the industrialization of the least developed countries, and to restate the concern over the lack of progress in the industrialization of the least developed countries during the 1980s and the adverse impact of global economic difficulties on those countries. The international community should intensify its technical and financial assistance to the industrialization efforts of the least developed countries with UNIDO according high priority to those countries in its technical cooperation and all other programmes. Member States of UNIDO should be asked to increase their contributions to IDF to support activities in the least developed countries.

E. Inter-agency coordination

57. UNIDO participates in inter-agency coordination at the level of specialized task forces and associated working groups that deal with substantive technical issues in which the industrial sector plays an important role. The issues include rural development, human resource development, economic adjustment and restructuring, environment, energy, science and technology, and the integration of women. This thematic approach is intended to activate coordinated inter-agency efforts, to improve insight into the major problems to be tackled through a multidisciplinary approach by actively sharing experience among agencies. The focus is on strengthening coordination with those governmental and intergovernmental organizations whose work is related to that of UNIDO, especially with the regional commissions and the other United Nations organizations and specialized agencies.

58. Paragraphs 6 and 8 of General Assembly resolution 45/196 highlight the role of UNIDO in assisting developing countries in the formulation of programmes and plans for industrialization and on the mix of agricultural, industrial and service sectors among small, medium, and large industries, based on the specific conditions arising in each developing country. UNIDO responds to those major concerns, first, by reinforcing the country focus of all UNIDO technical cooperation programmes through the preparation of reviews on the industrial sector, coupled with country programming missions which prepare composite briefs of industrial development in individual countries. The second activity is a system of integrated sectoral programming, through which an analysis of structural relationships in a sector facilitates rational decisions on bottlenecks and assistance needs including upstream and downstream activities. These systematic approaches to analysis and technical cooperation programming require a high degree of coordination with relevant multilateral and bilateral agencies.

59. As the main sources of financial assistance, the World Bank and the regional development banks complement the research and technical cooperation activities of the United Nations system. It would appear to be in the interest of the developing countries if, on the other hand, the relevant agencies of the United Nations system were to be more involved in the preparation of the operational policies, plans and projects of the development finance institutions. Cooperative arrangements allowing the World Bank to draw more easily upon the expertise of UNIDO and other United Nations organizations engaged in activities related to industrial development have been recommended by the United Nations Committee on Programme and Co-ordination at its thirtieth session when considering the cross-organizational programme analysis of the activities of the United Nations system on industry.

60. Through higher emphasis on the programme approach, the methods used by UNDP regarding the preparation and management of its technical cooperation projects including the role of the United Nations specialized agencies, could change significantly. This might imply a more specialized role for UNIDO, with UNIDO becoming more involved in coordination mechanisms, such as round tables, in pre-project and sector analyses, in ECDC/TCDC activities and in UNDP-financed consultancy and advisory services. In particular, Member States are expecting the United Nations system to take a more active part in the debate on economic and industrial restructuring including such vital matters as long-range sectoral policies and approaches for the assessment of certain technologies.

61. An additional response to the change of philosophy and operational focus of UNDP, and in fact a response which has achieved a growing success more recently, is for a more vigourous search by UNIDO for additional sources of financing to carry out technical cooperation programmes. The positive trend of UNIDO in attracting self-financed project funding as well as third-party financed funding through special trust fund arrangements is expected to continue.

Recommendation

62. Considering that UNIDO is the primary United Nations organization for the promotion of industrial development in developing countries, and under its constitutional mandate is to play a central role in coordinating the activities of the United Nations system in the field of industrial development, there should be effective coordination between UNIDO and the World Bank. As called for in General Conference resolution GC.3/Res.6 on external debt and industrial development, cooperation should be promoted between UNIDO and development finance institutions to develop innovative approaches geared to the rehabilitation and restructuring of industries.

63. UNIDO should continue to examine its internal and operational modalities in the light of its evolving and more specialized role in meeting the challenges of industrial development. Moreover, it is essential that UNIDO builds upon its past successes in attracting self-financed and third party financed funding through special trust fund arrangements. In this connection, a strengthening and expansion of special trust fund arrangements together with greater financial support from Member States, would make a major contribution to the objectives of diversification and modernization of productive activities in developing countries, as stated in resolution 45/196 of the United Nations General Assembly.

III. ACTION REQUIRED OF THE BOARD

64. The Industrial Development Board is invited to consider the present report for submission, through the United Nations Economic and Social Council, to the United Nations General Assembly at its forty-sixth session.

Distr.
GENERAL

IDB.8/33
24 May 1991

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Item 16 of the provisional agenda

EVALUATION OF THE OBJECTIVES AND FUNCTIONS OF UNIDO IN VIEW OF RECENT CHANGES AND DEVELOPMENTS IN THE WORLD

Regulatory framework for the implementation of Article 16 of the Constitution

Note by the Director-General

Summary

Brings to the attention of the Board information on the regulatory framework currently existing for the implementation of Article 16 of the Constitution concerning voluntary contributions.

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Introduction

1. At its sixth session, the Industrial Development Board adopted decision IDB.6/Dec.23 which deals with various policy aspects concerning the evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world. Under paragraph (i) of the decision, the Board "requested the Director-General to ensure that the voluntary contributions he accepts on behalf of UNIDO are consistent with the objectives and policies of the Organization and to prepare an updated and consolidated framework of regulations for the implementation of Article 16 of the Constitution for submission to the Board at its eighth session, as also requested in decision IDB.6/Dec.10 on special trust funds".

2. In paragraph (e) of the latter decision, entitled "Programmes and activities financed by special trust funds" also adopted at its sixth session, the Board "requested the Director-General to submit for approval, through the Board at its eighth session, to the General Conference at its fourth session updated and consolidated guidelines on the modalities for the appraisal, management and operation of special trust fund projects, giving due attention to the objectives and priorities identified in the Constitution of UNIDO and the medium-term plan, 1990-1995 (GC.3/17), and the application of the financial regulations, as also requested in IDB.6/Dec.23 on evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world".

3. The present report, prepared pursuant to the above-mentioned requests, brings to the attention of the Board the regulatory framework established for the implementation of Article 16 of the Constitution concerning voluntary contributions to the Organization.

I. THE CONSTITUTION

4. According to Article 16 of the Constitution, the Director-General is authorized to accept voluntary contributions to the Organization. Such contributions may be from governmental, intergovernmental or non-governmental donors and may include gifts, bequests and subventions. The conditions attached to such voluntary contributions must, however, be consistent with

V.91 24748 0336E

Distr.: 30 May 1991

the objectives and policies of the Organization, and acceptance is subject to the financial regulations.

5. Also Article 17 of the Constitution concerning the Industrial Development Fund (IDF) sets out rules that form part of the regulatory framework for the administration of those voluntary contributions to the Organization referred to in Article 16 that are destined to finance IDF. The Fund is administered by the Director-General in accordance with the Financial Regulations of UNIDO and such general policy guidelines governing the operations of IDF as are established by the General Conference or the Industrial Development Board.

II. FINANCIAL REGULATIONS

6. The Financial Regulations of UNIDO, which were adopted by the General Conference at its second session (GC.2/Dec.25 of 12 November 1987) and are derived from the previously applicable United Nations Financial Regulations, contain in Article VI provisions regulating voluntary contributions, including specific regulations on contributions to the Industrial Development Fund and on contributions to such trust, reserve and special accounts as may be established by the Director-General.

III. FINANCIAL RULES

7. Financial regulation 12.1 requires the Director-General to issue financial rules "which shall govern the administration of all financial activities and transactions of the Organization". The Director-General shall report on the issuance of financial rules to the Industrial Development Board, through the Programme and Budget Committee.

8. The presently applicable financial rules are set out in the Director-General's Bulletin No. 74/Rev.1 of 15 June 1990. Article VI of the financial rules contains detailed provisions on the administration of voluntary contributions. In addition, other parts of the financial rules are also applicable to voluntary contributions, such as rules 109.16 - 109.24 on contracts and purchases, rule 109.39 on internal audit and Article X on the accounts.

IV. DIRECTOR-GENERAL'S BULLETINS

9. In his capacity as chief administrative officer of the Organization, the Director-General, when necessary, issues administrative guidelines and establishes procedures to be followed by the staff of the Secretariat. In the area of voluntary contributions to the Organization, the Director-General has recognized the need for staff members to be assisted by such guidelines and procedures, especially when implementing projects not financed by the United Nations Development Programme (UNDP) - there has been already for some time an adequate regulatory framework for UNDP-financed projects, promulgated by UNDP for implementation by the executing agencies of UNDP.

10. As early as 28 February 1986 the Director-General issued bulletin UNIDO/DG/B.18, containing guidelines on the preparation, processing, monitoring and negotiation of trust fund projects not funded from the Industrial Development Fund. This bulletin contained, inter alia, a model Trust Fund Agreement, to be concluded with donors, and a model set of Basic Terms and Conditions, to be accepted by those Governments with which UNIDO had not yet concluded the Standard Basic Cooperation Agreement authorized by the General Conference at its first session (GC.1/Dec.40). With the growth experienced in the special trust fund programme, as well as in the activities funded by the Industrial Development Fund, the Director-General has decided to revise his bulletin UNIDO/DG/B.18 to provide a more detailed set of guidelines and procedures, and to take into account the experience gained by the Secretariat since UNIDO was established as a specialized agency. The revised bulletin will be comprehensive, since, in addition to special trust funds, it will also cover projects funded by the Industrial Devopment Fund and the regular budget. It is expected that the revised bulletin will be issued in the near future.

Distr.
GENERAL

IDB.8/34
23 May 1991

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Item 21 of the provisional agenda

HEADQUARTERS AGREEMENT BETWEEN UNIDO AND THE REPUBLIC OF AUSTRIA AND SPACE REQUIREMENTS OF THE VIENNA-BASED ORGANIZATIONS

Headquarters agreement between UNIDO and the Republic of Austria

Report by the Director-General

1. The present report updates information provided in documents GC.3/31 and IDB.6/17 on the preparation of a headquarters agreement for UNIDO.

2. The General Conference at its third session in paragraph (c) of its decision GC.3/Dec.30, inter alia, requested the Director-General, as far as possible, to coordinate the position of UNIDO with that of the International Atomic Energy Agency (IAEA) and of the United Nations Office at Vienna (UNOV) on the matter of updating the text of the existing headquarters agreements. As previously reported (IDB.6/17, para. 2), in February 1990 consultations were intensified between UNIDO and UNOV and the preparatory work undertaken by UNIDO was accelerated. The consultations, which were held between the legal officers of the United Nations and UNIDO, and in which a representative of the IAEA Legal Division participated in the capacity of observer, have been completed after detailed consideration of all the items raised. It has been possible to establish agreement on nearly all subjects for common or parallel formulations in the draft definitive headquarters agreements to be concluded between the Republic of Austria and, respectively, UNIDO and the United Nations on behalf of UNOV.

3. Amendments to the existing Agreement on Social Security, referred to in paragraph 4 of IDB.6/17, were proposed in December 1990 by the Director-General, after consultation with UNOV. Although no proposal has yet been made on behalf of UNOV, it has been agreed during the consultations between UNIDO, UNOV and IAEA that the amendments will also be included in the draft definitive headquarters agreements to be proposed for each organization.

4. The provisions of the Agreement of 19 January 1981, regarding the Establishment and Administration of a Common Fund for Financing Major Repairs and Replacements at the Organizations' Headquarters Seats at the Vienna International Centre (IDB.6/17, para. 5) have not been incorporated in the draft definitive headquarters agreements for UNIDO and for UNOV. However, consultations, as required by Article 8 of that Agreement, have been initiated between the Parties (IAEA, UNIDO and UNOV) for the purpose of reviewing the Agreement.

5. At the time of preparing the present report it was anticipated that UNIDO's draft definitive headquarters agreement would soon be formally proposed to the host Government.

ACTION REQUIRED OF THE BOARD

6. The Board may wish to take note of the present report.

V.91 24754 0329E

Distr.: 28 May 1991

Distr.
GENERAL

IDB.8/35
10 June 1991

ORIGINAL: ENGLISH

United Nations Industrial Development Organization

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Item 10 of the provisional agenda

PERSONNEL MATTERS

Issues related to the United Nations common system

Note by the Secretariat

LIBRARY

Summary

Brings to the attention of the Industrial Development Board (a) the recommendations of the International Civil Service Commission approved by the United Nations General Assembly in resolution 45/241, their implications for UNIDO and relevant amendments to the Staff Regulations and Rules; and (b) General Assembly resolution 45/240 on respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations.

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I. AMENDMENTS TO SCHEDULES I AND III AND ANNEX II OF THE STAFF REGULATIONS

1. As provided in Article 11.5 of the Constitution of UNIDO, "the conditions of service of staff shall conform as far as possible to those of the United Nations common system." In accordance with that principle, regulation 13.3 of the Staff Regulations provides that the Director-General is authorized, within the budgetary level approved by the General Conference, to make appropriate amendments to the schedules and annexes of the Staff Regulations "so as to bring them into conformity with any relevant decisions that may be taken by the General Assembly of the United Nations on recommendation of the International Civil Service Commission."

2. By its resolution 45/241 of 21 December 1990 (section VIII, para. 1), the General Assembly on the recommendation of the International Civil Service Commission (ICSC), approved "with effect from 1 March 1991, the revised scales of gross and net salaries for staff in the Professional and higher categories" through the consolidation of post adjustment classes, by 5 per cent, into the base/floor salary and a corresponding reduction in the post adjustment portion of remuneration, based on a no loss-no gain formula. Furthermore, the General Assembly approved revised staff assessment rates and changes to the maximum admissible levels of expenses incurred under the education grant.

3. Pursuant to Staff Regulation 13.3 schedule I (salary scales for staff in the Professional and higher categories) and schedule III (staff assessment rates) of the UNIDO Staff Regulations, both effective 1 March 1991, and annex II to the UNIDO Staff Regulations (amounts of education grant and special education grant), effective from the scholastic year in force on 1 January 1991, have been amended. The amendments are explained below. Whenever textual changes are involved, the additions are marked by underlining and the deletions shown in square brackets.

V.91 25390 0538E

Distr.: 17 June 1991

Schedule I: Salary scales for Professional and higher categories

4. The salary scale for the Professional and higher categories has been replaced with the new scale effective 1 March 1991 as approved by the General Assembly (see annex I of the present document).

Schedule III: Staff assessment rates

5. The tables entitled "Assessment" in paragraph (i) have been replaced as approved by the General Assembly (see annex II to the present document).

Annex II: Amounts of education grant and special education grant

6. The paragraph under regulation 6.10(a) of annex II has been reworded as follows: "The amount of the grant for each child per scholastic year shall be 75 per cent of the first [$9,000] $11,000 of admissible educational expenses, up to a maximum grant of [$6,750] $8,250. For staff serving at duty stations where educational facilities are not available or are deemed inadequate, as determined by the International Civil Service Commission, the amount of the grant in respect of primary and secondary education shall be 100 per cent of boarding costs up to $3,000 plus 75 per cent of admissible costs of attendance up to [$9,000] $11,000 per year, with a maximum grant of [$9,750] $11,250. However, in areas where the above-mentioned expenses are incurred in specific currencies, the maximum amounts of admissible expenses expressed in these currencies shall be those set by the International Civil Service Commission".

7. The paragraph under regulation 6.10(b) of annex II has been reworded as follows: "The amount of the grant for each disabled child per year shall be the equivalent of the educational expenses actually incurred, up to a maximum of [$9,000] $11,000. However, in areas where the above-mentioned expenses are incurred in specific currencies, the maximum amounts of admissible expenses expressed in these currencies shall be those set by the International Civil Service Commission".

II. AMENDMENTS TO THE STAFF RULES

8. The following amendments to the UNIDO Staff Rules have been made as explained below.

9. Appendix E to the Staff Rules, Education Grant, has been amended to conform to the provisions in annex II to the Staff Regulations, as amended, with effect from the scholastic year in force on 1 January 1991.

10. Appendix N to the Staff Rules, Assignment grant and mobility/hardship allowance, has been amended with effect from 1 July 1990 to extend the assignment grant and the mobility/hardship allowance to internationally recruited General Service staff members pursuant to General Assembly resolution 45/241 of 21 December 1990 in which the Assembly took note of the recommendation to that effect addressed by ICSC to the executive heads of the organizations of the common system.

11. Staff rule 106.11, Salary policy in promotions, has been amended with effect from 1 July 1990 in order to reflect the new procedure to be followed when establishing the appropriate step at the higher level upon promotion pursuant to General Assembly resolution 44/198, section I. F, paragraph 1. In that resolution the Assembly endorsed the recommendation of ICSC that the organizations modify their promotion policies to ensure that upon promotion staff members are placed at a step in the higher grade representing no less in monetary terms than the value of two steps in the staff member's present grade.

12. Appendix G to the Staff Rules, Official travel, has been amended in paragraph (s) with effect from 1 January 1991 to include the 80 per cent cash payment option for home leave travel by car.

13. The full texts of the amendments to the Staff Rules are contained in document UNIDO/DG/B/Staff Rules/1/Rev.1/Amend.2 of 27 February 1991.

14. As mentioned in paragraph 2 of the present document, the consolidation of post adjustment classes, by 5 per cent, into the base/floor salary for staff in the Professional and higher categories was offset by a corresponding reduction in the post adjustment portion of remuneration based on a no loss-no gain formula. Pursuant to General Assembly resolution 45/241, in order to avoid a decrease in the salary of the Director-General, the post adjustment and salary levels were maintained at the prior 1 March 1991 levels, namely:

Net salary (dependent rate)	Net salary (single rate)
$88,441	$77,391

15. Pursuant to the same resolution the salary of the Director-General of UNIDO would be increased while the post adjustment portion of his remuneration would be reduced by a corresponding amount. Decision GC.3/Dec.8, annex, paragraph 6 (e) of the contract for appointment of the Director-General specifies that the "... assessable salary, allowances and benefits to which the Director-General is entitled under this agreement shall be subject to adjustment by the Board, after consultations with the Director-General, to keep them in line with those of the executive heads of other specialized agencies within the common system of the United Nations or of members of the staff of UNIDO in the Professional category, as the case may be."

16. In accordance with the above, and following General Assembly resolution 45/251 on the salary for the Administrator of United Nations Development Programme and the Director-General for Development and International Economic Co-operation, the salary of the Director-General of UNIDO with effect from 1 March 1991 would be as follows:

Net salary (dependent rate)	Net salary (single rate)
$92,749	$82,122

III. FINANCIAL IMPLICATIONS

17. As stated in paragraph 2 of the present document, the consolidation of post adjustment classes, by 5 per cent, into the base/floor salary for staff in the Professional and higher categories was coupled with a corresponding reduction in the post adjustment portion of remuneration, based on a no loss-no gain formula. Therefore, no financial implications emanate from the above. The increase in the dollar amount for education grant will have a minimal financial

impact on UNIDO as, in accordance with annex II to the Staff Regulations, for staff stationed in Vienna, education grant is established in Austrian Schillings and those amounts remained unchanged.

IV. RESPECT FOR THE PRIVILEGES AND IMMUNITIES OF OFFICIALS OF THE UNITED NATIONS AND THE SPECIALIZED AGENCIES AND RELATED ORGANIZATIONS

18. The General Assembly, in its resolution 45/240 of 21 December 1990, stressed that the growing number of assignments entrusted to the organizations of the United Nations system made respect for the privileges and immunities of officials of these organizations even more imperative and deplored the increase in the number of cases where the functioning, safety and well-being of officials had been placed in jeopardy (para. 2). The Assembly urged the immediate release of all staff members being detained illegally (para. 5), and called upon all Member States scrupulously to respect the privileges and immunities of officials and refrain from any acts that would impede the performance of their functions (para. 4).

19. The Assembly called upon Member States to promote knowledge of and compliance with the Body of Principles for the Protection of All Persons under Any Form of Detention or Imprisonment (contained in General Assembly resolution 43/173), including the principle that such persons should be provided whenever necessary with medical care and treatment (para. 9); and urged all Member States that had not yet become parties to existing international legal instruments covering the privileges and immunities of officials to do so promptly (para. 16). It welcomed the Advisory Opinion of 15 December 1989 of the International Court of Justice that article VI, section 22, of the Convention on the Privileges and Immunities of the United Nations applied to persons other than United Nations officials to whom a mission was entrusted by the Organization (para. 17).

20. The resolution also called upon staff members to comply fully with the provisions of Article 100 of the Charter and their obligations under the Staff Regulations and Rules, particularly United Nations regulation 1.8 (UNIDO staff regulation 1.7) (para. 11). It noted with concern the information provided by the Secretary-General on restrictions on duty travel of staff members (para. 12) and also on taxation on salaries and emoluments (para. 13) and in the latter case requested the Member States concerned and the Secretary-General to agree urgently on appropriate action to be taken (para. 13).

21. Under the auspices of the Federation of Associations of Former International Civil Servants, a number of former executive heads of the United Nations system adopted a statement on the independence and security of international officials. The statement, which was circulated through the Secretary-General of the United Nations to the Commission on Human Rights in accordance with Economic and Social Council resolution 1296 (XLIV), is contained in document E/CN.4/1991/NGO/33 of 8 February 1991 and is available upon request at the present session.

V. ACTION REQUIRED OF THE BOARD

22. The Board may wish to consider the adoption of the following draft decisions:

A. United Nations common system: Amendments to schedules I and III and annex II of the UNIDO Staff Regulations and amendments to the UNIDO Staff Rules

"The Industrial Development Board:

"(a) Takes note of resolutions 44/198 of 21 December 1989 and 45/241 of 21 December 1990 adopted by the United Nations General Assembly on the United Nations common system;

"(b) Notes the amendments made, in pursuance of regulation 13.3 of the Staff Regulations, to schedules I and III and annex II to the Regulations in order to bring them into conformity with the decisions of the General Assembly set out in its resolution 45/241;

"(c) Also notes the amendments to the UNIDO Staff Rules reported in paragraphs 8 to 13 of the present report;

"(d) Approves, in accordance with paragraph 6 (e) of the contract for appointment of the Director-General (GC.3/Dec.8, annex), with effect from 1 March 1991, the adjustment of his net base salary from $88,441 to $92,749 at dependency rate and from $77,391 to $82,122 at the single rate."

B. Respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations

"The Industrial Development Board:

"(a) Takes note of General Assembly resolution 45/240 on respect for the privileges and immunities of officials of the United Nations and the specialized agencies and related organizations;

"(b) Reiterates its position reflected in its decision IDB.7/Dec.21 paragraph (c) of 9 November 1990."

SCHEDULE I

SALARY SCALES FOR THE PROFESSIONAL AND HIGHER CATEGORIES

SHOWING ANNUAL GROSS SALARIES AND THE NET EQUIVALENTS
AFTER APPLICATION OF STAFF ASSESSMENT
(United States dollars)

Effective 1 March 1991

LEVEL		STEPS I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV
Deputy Director-General																
DDG	Gross	116 442														
	Net D	70 350														
	Net S	63 600														
Director																
D-2	Gross	94 478	96 644	98 809	100 993	103 200	105 407									
	Net D	58 873	60 021	61 169	62 316	63 484	64 612									
	Net S	53 995	54 990	55 983	56 957	57 906	58 855									
Principal Officer																
D-1	Gross	83 047	84 902	86 756	88 610	90 465	92 319	94 173	96 028	97 882						
	Net D	52 815	53 798	54 781	55 763	56 746	57 729	58 712	59 695	60 677						
	Net S	48 749	49 600	50 451	51 302	52 153	53 004	53 855	54 707	55 558						
Senior Officer																
P-5	Gross	72 782	74 429	76 076	77 723	79 370	81 036	82 714	84 392	86 070	87 748	89 426	91 104	92 781		
	Net D	47 302	48 192	49 081	49 971	50 860	51 749	52 639	53 528	54 417	55 307	56 196	57 085	57 975		
	Net S	43 784	44 598	45 412	46 225	47 039	47 826	48 596	49 366	50 136	50 906	51 677	52 447	53 217		
First Officer																
P-4	Gross	59 277	60 854	62 431	64 008	65 596	67 202	68 808	70 414	72 020	73 626	75 232	76 839	78 445	80 051	81 688
	Net D	39 952	40 820	41 687	42 554	43 422	44 289	45 156	46 024	46 891	47 758	48 625	49 493	50 360	51 227	52 095
	Net S	37 101	37 884	38 666	39 448	40 234	41 028	41 821	42 615	43 408	44 201	44 995	45 789	46 582	47 374	48 125
Second Officer																
P-3	Gross	47 890	49 320	50 749	52 179	53 608	55 039	56 521	58 002	59 483	60 965	62 446	63 928	65 417	66 926	68 435
	Net D	33 547	34 362	35 177	35 992	36 807	37 621	38 436	39 251	40 066	40 881	41 695	42 510	43 325	44 140	44 955
	Net S	31 325	32 060	32 795	33 530	34 265	34 999	35 734	36 469	37 204	37 939	38 673	39 408	40 146	40 891	41 637
Associate Officer																
P-2	Gross	38 075	39 311	40 546	41 781	43 016	44 251	45 503	46 781	48 060	49 338	50 617	51 895			
	Net D	27 814	28 543	29 272	30 001	30 729	31 458	32 187	32 915	33 644	34 373	35 101	35 830			
	Net S	26 101	26 768	27 435	28 102	28 769	29 436	30 099	30 755	31 413	32 070	32 727	33 384			
Assistant Officer																
P-1	Gross	28 521	29 633	30 769	31 917	33 065	34 214	35 374	36 561	37 748	38 935					
	Net D	22 018	22 719	23 419	24 120	24 820	25 520	26 221	26 921	27 621	28 322					
	Net S	20 776	21 422	22 066	22 710	23 354	23 999	24 642	25 283	25 924	26 565					

D = Rate applicable to staff members with a dependent spouse or child.
S = Rate applicable to staff members with no dependent spouse or child.

Rev.1/Amend.2/February 1991

SCHEDULE II

POST ADJUSTMENTS (AMOUNTS PER INDEX POINT IN UNITED STATES DOLLARS)

(Cancelled; see regulation 6.2)

SCHEDULE III

STAFF ASSESSMENT

Regulation 6.8 (a)

(i) The assessment shall be calculated at the following rates for staff whose salary rates are set forth in regulation 6.1 of the present regulations:

Assessment
(Percentage)

Total assessable payments (US dollars)	Staff assessment rates for purposes of pensionable remuneration and pensions
First $15,000 per year	4
Next $10,000 per year	20
Next $10,000 per year	25
Next $20,000 per year	29
Next $20,000 per year	32
Next $20,000 per year	35
Next $30,000 per year	37
Remaining assessable payments	39

Assessment (continued)

(Percentage)

Total assessable payments (US dollars)	Staff assessment rates used in conjunction with gross base salaries and the gross amounts of separation payments	
	Staff member with a dependent spouse or a dependent child	Staff member with neither a dependent spouse nor a dependent child
First $15,000 per year	13.0	17.5
Next $ 5,000 per year	31.0	34.3
Next $ 5,000 per year	34.0	38.6
Next $ 5,000 per year	37.0	41.9
Next $ 5,000 per year	39.0	43.9
Next $10,000 per year	41.0	46.0
Next $10,000 per year	43.0	48.6
Next $10,000 per year	45.0	50.4
Next $15,000 per year	46.0	50.6
Next $20,000 per year	47.0	54.1
Remaining assessable payments	48.0	57.0

(ii) The assessment shall be calculated at the following rates for staff whose salary rates are established under regulation 6.5 (a) of the present regulations:

Total assessable payments (US dollars)	Assessment (Percentage)
First $2,000 per year	11
Next $2,000 per year	14
Next $2,000 per year	17
Next $2,000 per year	20
Next $4,000 per year	22
Next $4,000 per year	24
Next $4,000 per year	26
Next $6,000 per year	28
Next $6,000 per year	30
Next $6,000 per year	32
Next $6,000 per year	34
Remaining assessable payments	36

(iii) The Director-General shall determine which of the scales of assessment set out in (i) and (ii) above shall apply to staff whose salary rates are established under regulation 6.4 or 6.6 of the present regulations.

Distr.
GENERAL

IDB.8/36
29 May 1991

United Nations Industrial Development Organization

ORIGINAL: ENGLIS

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Sub-item 11 (c) of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Status report of assessed contributions paid and of advances to the Working Capital Fund

Note by the Secretariat

1. The present note provides the status of assessed contributions to the regular budget and of advances to the Working Capital Fund as at 15 May 1991 (annexes I and II), and a cash flow analysis for the biennium 1990-1991, as at 30 April 1991 (annex III).

2. As at 15 May 1991, unpaid assessed contributions for the period 1986-1989 amounted to $3,157,375. Unpaid assessed contributions for 1990 amounted to $2,913,312 and AS 212,974,043 for a total equivalent of $20,370,212 at an exchange rate of US$1 = AS 12.20. For 1991 unpaid assessed contributions amount to $7,599,834 and AS 555,575,032 for a total equivalent of $53,138,787 at an exchange rate of US$1 = AS 12.20.

3. Unpaid advances to the Working Capital Fund amounted to $21,000.

Annexes

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Distr.: 3 June 1991

Annex I

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

(As at 15 May 1991)

Member State	Scale of assessment (percentage)	Contributions Payable as at 1 January 1991				Credits and Collections in 1991				Contributions Outstanding as at 15 May 1991					TOTAL
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(Rpt. 12.20)	
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
AFGHANISTAN	0.01	0	0	1,175	85,921	0	0	1,175	85,921	0	0	0	0	0	0
ALBANIA	0.01	75	5,495	1,175	85,921	0	0	0	0	75	5,495	1,175	85,921	7,493	8,743
ALGERIA	0.15	36,821	1,288,819	17,630	1,288,819	36,821	1,288,819	0	0	0	0	17,630	1,288,819	105,641	123,271
ANGOLA	0.01	15,851	85,921	1,175	85,921	3,144	0	0	0	12,707	85,921	1,175	85,921	14,086	27,968
ARGENTINA	0.67	763,219	5,756,726	78,748	5,756,726	0	0	0	0	763,219	5,756,726	78,748	5,756,726	943,726	1,785,693
AUSTRIA	0.75	0	0	88,150	6,444,097	0	0	88,150	6,444,097	0	0	0	0	0	0
BAHAMAS	0.02	2,351	171,843	2,351	171,843	400	29,263	0	0	1,951	142,580	2,351	171,843	25,772	30,074
BAHRAIN	0.02	0	0	2,351	171,843	0	0	0	0	0	0	2,351	171,843	14,085	16,436
BANGLADESH	0.01	3,173	85,921	1,175	85,921	0	0	0	0	3,173	85,921	1,175	85,921	14,086	18,434
BARBADOS	0.01	159	11,651	1,175	85,921	0	0	0	0	159	11,651	1,175	85,921	7,998	9,332
BELGIUM	1.19	0	0	139,865	10,224,633	0	0	139,865	10,224,633	0	0	0	0	0	0
BELIZE	0.01	0	0	1,175	85,921	0	0	0	0	0	0	1,175	85,921	7,043	8,218
BENIN	0.01	14,825	85,921	1,175	85,921	0	0	0	0	14,825	85,921	1,175	85,921	14,086	30,086
BHUTAN	0.01	0	0	1,175	85,921	0	0	0	0	0	0	1,175	85,921	7,043	8,218
BOLIVIA	0.01	14,929	85,921	1,175	85,921	0	0	0	0	14,929	85,921	1,175	85,921	14,086	30,190
BOTSWANA	0.01	10,851	85,921	1,175	85,921	3,247	0	0	0	7,604	85,921	1,175	85,921	14,086	22,865
BRAZIL	1.47	1,240,156	12,630,429	172,775	12,630,429	1,082,138	1,078,752	0	0	158,018	11,551,677	172,775	12,630,429	1,982,140	2,312,933
BULGARIA	0.15	0	0	17,630	1,288,819	0	0	72	5,290	0	0	17,558	1,283,529	105,207	122,765
BURKINA FASO	0.01	22,976	85,921	1,175	85,921	0	0	0	0	22,976	85,921	1,175	85,921	14,086	38,237
BURUNDI	0.01	3,179	85,921	1,175	85,921	3,179	85,921	9	630	0	0	1,166	85,291	6,991	8,157
BYELORUSSIAN SSR	0.34	0	0	39,962	2,921,324	0	0	20,013	1,463,011	0	0	19,949	1,458,313	119,534	139,483
CAMEROON	0.01	11,993	85,921	1,175	85,921	0	0	0	0	11,993	85,921	1,175	85,921	14,086	27,254
CANADA	3.13	0	0	367,881	26,893,363	0	0	93	6,801	0	0	367,788	26,886,562	2,203,817	2,571,605

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as at 1 January 1991				Credits and Collections in 1991				Contributions Outstanding as at 15 May 1991					
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(RoE: 12.20)	TOTAL
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
CAPE VERDE	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
CENTRAL AFRICAN REPUBLIC	0.01	8,375	85,921	1,175	85,921	0	0	0	0	8,375	85,921	1,175	85,921	14,086	23,636
CHILE	0.08	105,234	687,370	9,403	687,370	0	0	0	0	105,234	687,370	9,403	687,370	112,684	227,321
CHINA	0.80	0	0	94,027	6,873,703	0	0	0	0	0	0	94,027	6,873,703	563,418	657,445
COLOMBIA	0.14	837	61,151	16,455	1,202,898	837	61,151	16,455	1,202,898	0	0	0	0	0	0
COMOROS	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
CONGO	0.01	28,115	85,921	1,175	85,921	25,059	0	0	0	3,056	85,921	1,175	85,921	14,086	18,317
COSTA RICA	0.02	28,675	171,843	2,351	171,843	0	0	0	0	28,675	171,843	2,351	171,843	28,170	59,196
COTE D'IVOIRE	0.02	25,274	171,843	2,351	171,843	0	0	0	0	25,274	171,843	2,351	171,843	28,170	55,795
CUBA	0.09	9,590	701,056	10,578	773,292	0	0	0	0	9,590	701,056	10,578	773,292	120,849	141,017
CYPRUS	0.02	0	0	2,351	171,843	0	0	18	1,351	0	0	2,333	170,492	13,975	16,308
CZECHOSLOVAKIA	0.67	0	0	78,748	5,756,726	0	0	78,748	5,756,726	0	0	0	0	0	0
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.05	65,132	429,606	5,877	429,606	0	0	0	0	65,132	429,606	5,877	429,606	70,428	141,437
DENMARK	0.70	0	0	82,274	6,014,490	0	0	82,274	6,014,490	0	0	0	0	0	0
DOMINICA	0.01	0	0	1,175	85,921	0	0	33	2,421	0	0	1,142	83,500	6,844	7,986
DOMINICAN REPUBLIC	0.03	84,344	257,764	3,526	257,764	0	0	0	0	84,344	257,764	3,526	257,764	42,256	130,126
ECUADOR	0.03	53,370	257,764	3,526	257,764	38,004	0	0	0	15,366	257,764	3,526	257,764	42,256	61,148
EGYPT	0.07	0	0	8,227	601,449	0	0	8,227	601,449	0	0	0	0	0	0
EL SALVADOR	0.01	16,535	85,921	1,175	85,921	0	0	0	0	16,535	85,921	1,175	85,921	14,086	31,796
EQUATORIAL GUINEA	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
ETHIOPIA	0.01	997	72,918	1,175	85,921	0	0	0	0	997	72,918	1,175	85,921	13,020	15,192
FIJI	0.01	15,147	85,921	1,175	85,921	4,168	0	0	0	10,979	85,921	1,175	85,921	14,086	26,240
FINLAND	0.52	0	0	61,118	4,467,907	0	0	61,118	4,467,907	0	0	0	0	0	0

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as at 1 January 1991 — Prior Years		Contributions Payable as at 1 January 1991 — Current Year		Credits and Collections in 1991 — Prior Years		Credits and Collections in 1991 — Current Year		Contributions Outstanding as at 15 May 1991 — Prior Years		Contributions Outstanding as at 15 May 1991 — Current Year		(Rate 12.20)	TOTAL
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
FRANCE	6.33	0	0	743,990	54,388,176	0	0	743,990	54,388,176	0	0	0	0	0	0
GABON	0.03	37,788	257,764	3,526	257,764	0	0	0	0	37,788	257,764	3,526	257,764	42,256	83,570
GAMBIA	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
GERMANY	9.48	0	0	1,114,222	81,453,382	0	0	557,111	40,726,691	0	0	557,111	40,726,691	3,338,253	3,895,364
GHANA	0.01	0	0	1,175	85,921	0	0	0	0	0	0	1,175	85,921	7,043	8,218
GREECE	0.41	10,089	737,521	48,189	3,522,773	0	0	0	0	10,089	737,521	48,189	3,522,773	349,205	407,483
GRENADA	0.01	28,115	85,921	1,175	85,921	775	0	0	0	27,340	85,921	1,175	85,921	14,086	42,601
GUATEMALA	0.02	44,144	171,843	2,351	171,843	0	0	0	0	44,144	171,843	2,351	171,843	28,170	74,665
GUINEA	0.01	14,929	85,921	1,175	85,921	0	0	0	0	14,929	85,921	1,175	85,921	14,086	30,190
GUINEA-BISSAU	0.01	13,113	85,921	1,175	85,921	0	0	0	0	13,113	85,921	1,175	85,921	14,086	28,374
GUYANA	0.01	16,728	85,921	1,175	85,921	0	0	0	0	16,728	85,921	1,175	85,921	14,086	31,989
HAITI	0.01	23,380	85,921	1,175	85,921	0	0	0	0	23,380	85,921	1,175	85,921	14,086	38,641
HONDURAS	0.01	17,015	85,921	1,175	85,921	0	0	0	0	17,015	85,921	1,175	85,921	14,086	32,276
HUNGARY	0.21	0	0	24,682	1,804,347	0	0	24,682	1,804,347	0	0	0	0	0	0
INDIA	0.38	44,663	3,265,009	44,663	3,265,009	44,442	3,248,878	0	0	221	16,131	44,663	3,265,009	268,946	313,830
INDONESIA	0.15	0	0	17,630	1,288,819	0	0	376	27,498	0	0	17,254	1,261,321	103,387	120,641
IRAN (ISLAMIC REPUBLIC OF)	0.70	575,144	6,014,490	82,274	6,014,490	0	0	0	0	575,144	6,014,490	82,274	6,014,490	985,982	1,643,400
IRAQ	0.12	17	1,254	14,104	1,031,055	0	0	0	0	17	1,254	14,104	1,031,055	84,616	98,737
IRELAND	0.18	0	0	21,156	1,546,583	0	0	21,156	1,546,583	0	0	0	0	0	0
ISRAEL	0.21	24,682	1,804,347	24,682	1,804,347	24,682	1,804,347	7,020	513,160	0	0	17,662	1,291,187	105,835	123,497
ITALY	4.04	0	0	474,837	34,712,201	0	0	144,365	10,553,602	0	0	330,472	24,158,599	1,980,213	2,310,685
JAMAICA	0.01	9,716	85,921	1,175	85,921	3,004	0	0	0	6,712	85,921	1,175	85,921	14,086	21,973
JAPAN	11.52	0	0	1,353,992	98,981,324	0	0	0	0	0	0	1,353,992	98,981,324	8,113,223	9,467,215

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as at 1 January 1991				Credits and Collections in 1991				Contributions Outstanding as at 15 May 1991					TOTAL
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(RoE:12.20)	
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
JORDAN	0.01	7,432	85,921	1,175	85,921	0	0	0	0	7,432	85,921	1,175	85,921	14,086	22,693
KENYA	0.01	11,768	85,921	1,175	85,921	0	0	0	0	11,768	85,921	1,175	85,921	14,086	27,029
KUWAIT	0.29	463,230	2,491,717	34,085	2,491,717	463,230	2,491,717	4,201	307,073	0	0	29,884	2,184,644	179,069	208,953
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.01	0	0	1,175	85,921	0	0	0	0	0	0	1,175	85,921	7,043	8,218
LEBANON	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
LESOTHO	0.01	0	0	1,175	85,921	0	0	0	0	0	0	1,175	85,921	7,043	8,218
LIBYAN ARAB JAMAHIRIYA	0.28	237,720	2,405,796	32,910	2,405,796	6,000	0	0	0	231,720	2,405,796	32,910	2,405,796	394,392	659,022
LUXEMBOURG	0.06	0	0	7,052	515,528	0	0	7,052	515,528	0	0	0	0	0	0
MADAGASCAR	0.01	4,053	85,921	1,175	85,921	3,763	64,687	0	0	290	21,234	1,175	85,921	8,783	10,248
MALAWI	0.01	923	67,524	1,175	85,921	350	25,587	0	0	573	41,937	1,175	85,921	10,480	12,228
MALAYSIA	0.11	0	0	12,929	945,134	0	0	0	0	0	0	12,929	945,134	77,470	90,399
MALDIVES	0.01	1,324	85,921	1,175	85,921	1,324	85,921	0	0	0	0	1,175	85,921	7,043	8,218
MALI	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
MALTA	0.01	0	0	1,175	85,921	0	0	1,175	85,921	0	0	0	0	0	0
MAURITANIA	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
MAURITIUS	0.01	0	0	1,175	85,921	0	0	0	0	0	0	1,175	85,921	7,043	8,218
MEXICO	0.95	12,052	881,010	111,657	8,162,522	12,052	881,010	911	66,578	0	0	110,746	8,095,944	663,602	774,348
MONGOLIA	0.01	0	0	1,175	85,921	0	0	0	0	0	0	1,175	85,921	7,043	8,218
MOROCCO	0.04	0	0	4,701	343,685	0	0	0	0	0	0	4,701	343,685	28,171	32,872
MOZAMBIQUE	0.01	19,899	85,921	1,175	85,921	0	0	0	0	19,899	85,921	1,175	85,921	14,086	35,160
NEPAL	0.01	8,365	85,921	1,175	85,921	0	0	0	0	8,365	85,921	1,175	85,921	14,086	23,626
NETHERLANDS	1.67	0	0	196,282	14,348,855	0	0	196,282	14,348,855	0	0	0	0	0	0
NEW ZEALAND	0.24	0	0	28,208	2,062,111	0	0	28,208	2,062,111	0	0	0	0	0	0

Annex I (cont.)

Member State	Scale of assessment (percentage)	Contributions Payable as at 1 January 1991 Prior Years Dollars	Prior Years Schillings	Current Year Dollars	Current Year Schillings	Credits and Collections in 1991 Prior Years Dollars	Prior Years Schillings	Current Year Dollars	Current Year Schillings	Contributions Outstanding as at 15 May 1991 Prior Years Dollars	Prior Years Schillings	Current Year Dollars	Current Year Schillings	(Rule 12.2b) $ Equiv.	TOTAL $ Equiv.
NICARAGUA	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
NIGER	0.01	16,535	85,921	1,175	85,921	0	0	0	0	16,535	85,921	1,175	85,921	14,086	31,796
NIGERIA	0.20	2,869	209,716	23,507	1,718,476	0	0	0	0	2,869	209,716	23,507	1,718,476	158,045	184,421
NORWAY	0.56	0	0	65,819	4,811,592	0	0	65,819	4,811,592	0	0	0	0	0	0
OMAN	0.02	0	0	2,351	171,843	0	0	2,351	171,843	0	0	0	0	0	0
PAKISTAN	0.06	32,563	515,528	7,052	515,528	29,756	310,316	0	0	2,807	205,212	7,052	515,528	59,077	68,536
PANAMA	0.02	40,472	171,843	2,351	171,843	0	0	0	0	40,472	171,843	2,351	171,843	28,170	70,993
PAPUA NEW GUINEA	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
PARAGUAY	0.03	31,013	257,764	3,526	257,764	0	0	0	0	31,013	257,764	3,526	257,764	42,256	76,795
PERU	0.06	161,583	515,528	7,052	515,528	0	0	0	0	161,583	515,528	7,052	515,528	84,512	253,147
PHILIPPINES	0.09	9,985	729,918	10,578	773,292	2,825	206,510	0	0	7,160	523,408	10,578	773,292	106,287	124,025
POLAND	0.57	0	0	66,994	4,897,513	0	0	66,994	4,897,513	0	0	0	0	0	0
PORTUGAL	0.18	0	0	21,156	1,546,583	0	0	21,156	1,546,583	0	0	0	0	0	0
QATAR	0.05	21,235	429,606	5,877	429,606	0	0	0	0	21,235	429,606	5,877	429,606	70,428	97,540
REPUBLIC OF KOREA	0.22	0	0	25,857	1,890,268	0	0	0	0	0	0	25,857	1,890,268	154,940	180,797
ROMANIA	0.19	314,153	1,632,504	22,331	1,632,504	174,171	0	0	0	139,982	1,632,504	22,331	1,632,504	267,624	429,937
RWANDA	0.01	10,910	85,921	1,175	85,921	0	0	0	0	10,910	85,921	1,175	85,921	14,086	26,171
SAINT KITTS AND NEVIS	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
SAINT LUCIA	0.01	0	0	1,175	85,921	0	0	1,175	85,921	0	0	0	0	0	0
SAINT VINCENT AND THE GRENADINES	0.01	7,903	85,921	1,175	85,921	0	0	0	0	7,903	85,921	1,175	85,921	14,086	23,164
SAO TOME AND PRINCIPE	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
SAUDI ARABIA	1.03	24	1,722	121,060	8,849,893	0	0	0	0	24	1,722	121,060	8,849,893	725,542	846,626

Member State	Scale of assessment (percentage)	Contributions Payable as at 1 January 1991				Credits and Collections in 1991				Contributions Outstanding as at 15 May 1991					
		Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(Rule 12.2(2))	TOTAL
		Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
SENEGAL	0.01	348	25,413	1,175	85,921	0	0	0	0	348	25,413	1,175	85,921	9,126	10,649
SEYCHELLES	0.01	11,816	85,921	1,175	85,921	0	0	0	0	11,816	85,921	1,175	85,921	14,086	27,077
SIERRA LEONE	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
SOMALIA	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
SPAIN	1.98	0	0	232,717	17,012,415	0	0	232,717	17,012,415	0	0	0	0	0	0
SRI LANKA	0.01	1,890	85,921	1,175	85,921	0	0	0	0	1,890	85,921	1,175	85,921	14,086	17,151
SUDAN	0.01	8,275	85,921	1,175	85,921	0	0	0	0	8,275	85,921	1,175	85,921	14,086	23,536
SURINAME	0.01	28,115	85,921	1,175	85,921	0	0	0	0	28,115	85,921	1,175	85,921	14,086	43,376
SWAZILAND	0.01	1,678	85,921	1,175	85,921	1,678	85,921	1,175	85,921	0	0	0	0	0	0
SWEDEN	1.23	0	0	144,567	10,568,318	0	0	144,567	10,568,318	0	0	0	0	0	0
SWITZERLAND	1.09	0	0	128,112	9,365,420	0	0	128,112	9,365,420	0	0	0	0	0	0
SYRIAN ARAB REPUBLIC	0.04	38,579	343,685	4,701	343,685	0	0	0	0	38,579	343,685	4,701	343,685	56,342	99,627
THAILAND	0.10	0	0	11,753	859,213	0	0	11,753	859,213	0	0	0	0	0	0
TOGO	0.01	14,327	85,921	1,175	85,921	14,275	82,092	0	0	52	3,829	1,175	85,921	7,357	8,584
TONGA	0.01	8,329	85,921	1,175	85,921	0	0	0	0	8,329	85,921	1,175	85,921	14,086	24,190
TRINIDAD AND TOBAGO	0.05	39,771	429,608	5,877	429,608	35,968	151,160	0	0	3,803	278,448	5,877	429,608	58,037	67,723
TUNISIA	0.03	0	0	3,526	257,764	0	0	8	574	0	0	3,518	257,190	21,081	24,599
TURKEY	0.32	1,087	79,455	37,611	2,749,481	0	0	0	0	1,087	79,455	37,611	2,749,481	231,880	270,578
UGANDA	0.01	13,967	85,921	1,175	85,921	0	0	0	0	13,967	85,921	1,175	85,921	14,086	29,223
UKRAINIAN SSR	1.21	0	0	149,268	10,912,004	0	0	74,745	5,464,166	0	0	74,523	5,447,949	446,553	521,076
UNION OF SOVIET SOCIALIST REPUBLICS	10.12	0	0	1,188,444	86,902,344	0	0	595,448	43,529,354	0	0	593,996	43,423,140	3,569,274	4,163,270

Annex I (cont.)

Member State	Scale of assessment (percentages)		Contributions Payable as at 1 January 1991 Prior Years Dollars	Prior Years Schillings	Current Year Dollars	Current Year Schillings	Credits and Collections in 1991 Prior Years Dollars	Prior Years Schillings	Current Year Dollars	Current Year Schillings	Contributions Outstanding as at 31 May 91 Prior Years Dollars	Prior Years Schillings	Current Year Dollars	Current Year Schillings	(Rpt. 12.20) $ Equiv.	TOTAL $ Equiv.
UNITED ARAB EMIRATES	0.19		407,241	1,632,504	22,331	1,632,504	237,058	0	0	0	170,183	1,632,504	22,331	1,632,504	263,674	560,148
UNITED KINGDOM	4.97		0	0	538,263	47,233,274	0	0	538,263	47,233,274	0	0	0	0	0	0
UNITED REPUBLIC OF TANZANIA	0.01		1,141	83,860	1,175	85,321	0	0	0	0	1,141	83,860	1,175	85,321	13,884	30,730
UNITED STATES OF AMERICA	25.00		2,806,148	216,140,947	2,538,350	214,803,271	508,750	37,158,830	0	0	2,297,398	167,341,890	2,538,350	214,803,271	31,372,515	39,608,151
URUGUAY	0.04		4,958	343,685	4,933	343,685	2,936	182,033	0	0	22	1,608	4,933	343,685	78,303	33,676
VANUATU	0.01		10,871	85,321	1,175	85,321	0	0	0	0	10,871	85,321	1,175	85,321	14,096	28,157
VENEZUELA	0.56		15,571	1,163,860	68,150	4,883,430	13,930	1,038,860	0	0	1,642	144,570	68,150	4,883,430	670,356	830,568
VIET NAM	0.01		160	11,679	1,175	85,321	0	0	0	0	160	11,679	1,175	85,321	8,066	9,335
YEMEN	0.02		29,538	171,847	2,350	171,847	0	0	0	0	29,538	171,847	2,350	171,847	28,193	60,458
YUGOSLAVIA	0.81		54,375	3,971,380	55,281	4,038,301	0	0	0	0	54,375	3,971,380	55,281	4,038,301	656,529	760,004
ZAIRE	0.01		2,270	85,321	1,175	85,321	0	0	0	0	1,270	85,321	1,175	85,321	14,096	17,491
ZAMBIA	0.01		947	68,853	1,175	85,321	0	0	0	0	947	68,853	1,175	85,321	12,887	14,814
ZIMBABWE	0.02		21,853	171,843	2,353	171,843	0	0	0	0	21,853	171,843	2,353	171,843	28,193	50,074
Sub-total 1 (148 States)	100.00	86-	215,298	0	0	0	107,646	0	0	0	107,652	0	0	0	0	107,652
		87-	300,068	0	0	0	116,729	0	0	0	183,339	0	0	0	0	183,339
		88-	1,223,319	0	0	0	434,316	0	0	0	789,003	0	0	0	0	789,003
		89-	3,506,811	0	0	0	1,429,250	0	0	0	2,077,561	0	0	0	0	2,077,561
		90-	3,601,103	263,253,791	0	0	691,216	50,537,511	0	0	2,909,787	212,716,280	0	0	17,635,771	20,348,558
		91-	0	0	11,753,375	859,212,863	0	0	4,157,066	303,895,594	0	0	7,596,309	555,317,269	45,517,824	53,114,133
		1-	8,845,679	263,253,791	11,753,375	859,212,863	2,779,511	50,537,511	4,157,066	303,895,594	6,067,162	212,716,280	7,596,309	555,317,269	62,953,595	76,617,066
LIBERIA	0.01		1,175	85,321	1,175	85,321	0	0	0	0	1,175	85,321	1,175	85,321	14,096	16,436
NETHERLANDS	2.01		1,175	85,321	1,175	85,321	0	0	0	0	1,175	85,321	1,175	85,321	14,096	16,436

Annex I (cont.)

Member State	Scale of assessment (percentages)		Contributions Payable as at 1 January 1991				Credits and Collections in 1991				Contributions Outstanding as at 15 May 1991					TOTAL
			Prior Years		Current Year		Prior Years		Current Year		Prior Years		Current Year		(Part II.2b)	
			Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	Dollars	Schillings	$ Equiv.	$ Equiv.
Namibia	0.01		1.175	85.321	1.175	85.321	0	0	0	0	1.175	85.321	1.175	85.321	14.186	16.436
TOTAL (151 States)	100.03	85	215.258	0	0	0	107.630	0	0	0	107.652	0	0	0	0	107.652
		87	300.068	0	0	0	116.729	0	0	0	183.339	0	0	0	0	183.339
		88	1.223.379	0	0	0	434.376	0	0	0	789.003	0	0	0	0	789.003
		89	3.606.831	0	0	0	1.629.250	0	0	0	2.077.581	0	0	0	0	2.077.581
		90	3.604.628	263.511.556	0	0	691.316	50.537.511	0	0	2.913.312	212.974.043	0	0	17.656.930	20.370.242
		91	0	0	11.756.900	859.470.626	0	0	9.157.066	303.895.594	0	0	7.599.834	555.575.032	45.339.053	53.138.787
		1	8.950.264	263.511.556	11.756.900	859.470.626	2.779.511	50.537.511	9.157.066	303.895.594	6.070.887	212.974.043	7.599.834	555.575.032	62.995.053	76.668.374

1 Liberia, Myanmar and Namibia were not included in the UNIDO Scale of Assessments and are therefore considered as new members for the purpose of assessment

Annex II

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND

(As at 15 May 1991)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1990	Collections in 1991	Amount outstanding to date
			(in US dollars)		
AFGHANISTAN	0.01	900	900	0	0
ALBANIA	0.01	900	900	0	0
ALGERIA	0.15	13,500	12,600	900	0
ANGOLA	0.01	900	900	0	0
ARGENTINA	0.67	60,300	60,300	0	0
AUSTRIA	0.75	67,500	67,500	0	0
BAHAMAS	0.02	1,800	900	900	0
BAHRAIN	0.02	1,800	1,800	0	0
BANGLADESH	0.01	900	900	0	0
BARBADOS	0.01	900	900	0	0
BELGIUM	1.19	107,100	107,100	0	0
BELIZE	0.01	900	900	0	0
BENIN	0.01	900	900	0	0
BHUTAN	0.01	900	900	0	0
BOLIVIA	0.01	900	900	0	0
BOTSWANA	0.01	900	900	0	0
BRAZIL	1.47	132,300	132,300	0	0
BULGARIA	0.15	13,500	13,500	0	0
BURKINA FASO	0.01	900	600	0	300
BURUNDI	0.01	900	900	0	0
BYELORUSSIAN SSR	0.34	30,600	30,600	0	0
CAMEROON	0.01	900	900	0	0

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1990	Collections in 1991	Amount outstanding to date
			(in US dollars)		
CANADA	3.13	281,700	281,700	0	0
CAPE VERDE	0.01	900	0	0	900
CENTRAL AFRICAN REPUBLIC	0.01	900	900	0	0
CHILE	0.08	7,200	6,300	0	900
CHINA	0.80	72,000	72,000	0	0
COLOMBIA	0.14	12,600	12,600	0	0
COMOROS	0.01	900	0	0	900
CONGO	0.01	900	0	900	0
COSTA RICA	0.02	1,800	1,800	0	0
COTE D'IVOIRE	0.02	1,800	1,800	0	0
CUBA	0.09	8,100	8,100	0	0
CYPRUS	0.02	1,800	1,800	0	0
CZECHOSLOVAKIA	0.67	60,300	60,300	0	0
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	0.05	4,500	4,500	0	0
DENMARK	0.70	63,000	63,000	0	0
DOMINICA	0.01	900	900	0	0
DOMINICAN REPUBLIC	0.03	2,700	0	0	2,700
ECUADOR	0.03	2,700	2,700	0	0
EGYPT	0.07	6,300	6,300	0	0
EL SALVADOR	0.01	900	0	0	900
EQUATORIAL GUINEA	0.01	900	0	0	900
ETHIOPIA	0.01	900	900	0	0
FIJI	0.01	900	900	0	0

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1990	Collections in 1991	Amount outstanding to date
			(in US dollars)		
FINLAND	0.52	46,800	46,800	0	0
FRANCE	6.33	569,700	569,700	0	0
GABON	0.03	2,700	2,700	0	0
GAMBIA	0.01	900	0	0	900
GERMANY	9.48	853,200	853,200	0	0
GHANA	0.01	900	900	0	0
GREECE	0.41	36,900	36,900	0	0
GRENADA	0.01	900	500	400	0
GUATEMALA	0.02	1,800	1,800	0	0
GUINEA	0.01	900	900	0	0
GUINEA-BISSAU	0.01	900	900	0	0
GUYANA	0.01	900	900	0	0
HAITI	0.01	900	900	0	0
HONDURAS	0.01	900	900	0	0
HUNGARY	0.21	18,900	18,900	0	0
INDIA	0.38	34,200	32,472	1,728	0
INDONESIA	0.15	13,500	13,500	0	0
IRAN (ISLAMIC REPUBLIC OF)	0.70	63,000	63,000	0	0
IRAQ	0.12	10,800	10,800	0	0
IRELAND	0.18	16,200	16,200	0	0
ISRAEL	0.21	18,900	18,900	0	0
ITALY	4.04	363,600	363,600	0	0
JAMAICA	0.01	900	900	0	0
JAPAN	11.52	1,036,800	1,036,800	0	0

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1990	Collections in 1991	Amount outstanding to date
			(in US dollars)		
JORDAN	0.01	900	900	0	0
KENYA	0.01	900	900	0	0
KUWAIT	0.29	26,100	26,100	0	0
LAO PEOPLE'S DEMOCRATIC REPUBLIC	0.01	900	900	0	0
LEBANON	0.01	900	0	0	900
LESOTHO	0.01	900	900	0	0
LIBYAN ARAB JAMAHIRIYA	0.28	25,200	25,200	0	0
LUXEMBOURG	0.06	5,400	5,400	0	0
MADAGASCAR	0.01	900	900	0	0
MALAWI	0.01	900	900	0	0
MALAYSIA	0.11	9,900	9,900	0	0
MALDIVES	0.01	900	900	0	0
MALI	0.01	900	0	0	900
MALTA	0.01	900	900	0	0
MAURITANIA	0.01	900	0	0	900
MAURITIUS	0.01	900	900	0	0
MEXICO	0.95	85,500	85,500	0	0
MONGOLIA	0.01	900	900	0	0
MOROCCO	0.04	3,600	3,600	0	0
MOZAMBIQUE	0.01	900	900	0	0
NEPAL	0.01	900	900	0	0
NETHERLANDS	1.67	150,300	150,300	0	0
NEW ZEALAND	0.24	21,600	21,600	0	0
NICARAGUA	0.01	900	0	0	900

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1990	Collections in 1991	Amount outstanding to date
			(in US dollars)		
NIGER	0.01	900	900	0	0
NIGERIA	0.20	18,000	18,000	0	0
NORWAY	0.56	50,400	50,400	0	0
OMAN	0.02	1,800	1,800	0	0
PAKISTAN	0.06	5,400	5,400	0	0
PANAMA	0.02	1,800	1,800	0	0
PAPUA NEW GUINEA	0.01	900	0	0	900
PARAGUAY	0.03	2,700	1,800	0	900
PERU	0.06	5,400	5,400	0	0
PHILIPPINES	0.09	8,100	8,100	0	0
POLAND	0.57	51,300	51,300	0	0
PORTUGAL	0.18	16,200	16,200	0	0
QATAR	0.05	4,500	3,600	0	900
REPUBLIC OF KOREA	0.22	19,800	19,800	0	0
ROMANIA	0.19	17,100	17,100	0	0
RWANDA	0.01	900	900	0	0
SAINT KITTS AND NEVIS	0.01	900	0	0	900
SAINT LUCIA	0.01	900	900	0	0
SAINT VINCENT AND THE GRENADINES	0.01	900	900	0	0
SAO TOME AND PRINCIPE	0.01	900	0	0	900
SAUDI ARABIA	1.03	92,700	92,700	0	0
SENEGAL	0.01	900	900	0	0
SEYCHELLES	0.01	900	900	0	0
SIERRA LEONE	0.01	900	0	0	900

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1990	Collections in 1991	Amount outstanding to date
			(in US dollars)		
SOMALIA	0.01	900	0	0	900
SPAIN	1.98	178,200	178,200	0	0
SRI LANKA	0.01	900	900	0	0
SUDAN	0.01	900	900	0	0
SURINAME	0.01	900	0	0	900
SWAZILAND	0.01	900	900	0	0
SWEDEN	1.23	110,700	110,700	0	0
SWITZERLAND	1.09	98,100	98,100	0	0
SYRIAN ARAB REPUBLIC	0.04	3,600	3,600	0	0
THAILAND	0.10	9,000	9,000	0	0
TOGO	0.01	900	900	0	0
TONGA	0.01	900	900	0	0
TRINIDAD AND TOBAGO	0.05	4,500	4,500	0	0
TUNISIA	0.03	2,700	2,700	0	0
TURKEY	0.32	28,800	28,800	0	0
UGANDA	0.01	900	900	0	0
UKRAINIAN SSR	1.27	114,300	114,300	0	0
UNION OF SOVIET SOCIALIST REPUBLICS	10.12	910,800	910,800	0	0
UNITED ARAB EMIRATES	0.19	17,100	0	17,100	0
UNITED KINGDOM	4.92	442,800	442,800	0	0
UNITED REPUBLIC OF TANZANIA	0.01	900	900	0	0
UNITED STATES OF AMERICA	25.00	2,250,000	2,250,000	0	0
URUGUAY	0.04	3,600	3,600	0	0
VANUATU	0.01	900	900	0	0

Annex II (cont.)

Member State	Scale of assessment (percentage)	Amount of Advance	Collections 1986-1990	Collections in 1991	Amount outstanding to date
			(in US dollars)		
VENEZUELA	0.58	52,200	52,200	0	0
VIET NAM	0.01	900	900	0	0
YEMEN	0.02	1,800	1,800	0	0
YUGOSLAVIA	0.47	42,300	42,300	0	0
ZAIRE	0.01	900	900	0	0
ZAMBIA	0.01	900	900	0	0
ZIMBABWE	0.02	1,800	1,800	0	0
Sub-total (148 States)	**100.00**	**9,000,000**	**8,958,872**	**21,928**	**19,200**
LIBERIA	0.01	900	900	0	0
MYANMAR	0.01	900	0	0	900
NAMIBIA	0.01	900	0	0	900
Sub-total (3 States)	**0.03**	**2,700**	**900**	**0**	**1,800**
T O T A L (151 States)	**100.03**	**9,002,700**	**8,959,772**	**21,928**	**21,000**

1. Liberia, Myanmar and Namibia were not included in the UNIDO Scale of Assessments and are therefore considered as new members for the purpose of assessment.

Annex III

Cash flow analysis for the biennium 1990-1991, as at 30 April 1991

Regular budget and Working Capital Fund

(in millions of United States dollars) a/

1990	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Opening cash b/	8.0	14.0	10.1	8.5	7.6	2.6	7.3	2.7	16.1	7.0	2.4	12.1
Contribution income c/	8.5	4.5	8.4	7.3	3.9	10.3	4.2	17.6	0.3	6.3	17.5	0.4
Other income d/	7.3	1.1	0.3	0.6	2.4	3.5	0.4	6.5	1.7	1.8	2.5	1.9
Expenditures/cash outlays e/	(9.8)	(9.5)	(10.3)	(8.8)	(11.3)	(9.1)	(9.2)	(10.7)	(11.1)	(12.7)	(10.3)	(9.7)
Closing cash	14.0	10.1	8.5	7.6	2.6	7.3	2.7	16.1	7.0	2.4	12.1	4.7

1991	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Opening cash b/	4.7	5.3	5.6	4.4	10.7	12.9	7.5	1.4	(0.6)	(0.0)	(8.7)	3.9
Contribution income c/	9.0	6.3	3.9	13.2	9.7	2.8	4.1	5.8	9.8	0.5	21.3	1.2
Other income d/	0.4	2.8	4.6	1.4	2.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Non-budgeted income f/	0.0	0.6	0.4	2.4	0.8	1.2	0.2	1.6	0.2	0.2	0.7	0.2
Expenditures e/	(8.2)	(8.6)	(9.4)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(9.9)	(10.0)
Non-budgeted expenditures f/	(0.6)	(0.8)	(0.7)	(0.8)	(0.7)	(0.7)	(1.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Closing cash	5.3	5.6	4.4	10.7	12.9	7.5	1.4	(0.6)	(0.0)	(8.7)	3.9	(4.2)
Unliquidated obligations (at 31/12/91)												8.0
Surplus/(deficit) at 31/12/91												3.8

a/ Based on exchange rate of US$1 = AS 12.20 for the period May-Dec 1991

b/ January 1990 to May 1991 show actual cash available based on reconciled bank balances. Cash includes regular budget funds and the Working Capital Fund.

c/ Austrian schilling contributions converted to United States dollar equivalent at the applicable United Nations operational rate of exchange. The United States paid a total of $27.2 million in 1990 and is expected to pay a total of $25.2 million in 1991.

d/ Includes income from cost sharing activities, income from investments and settlement of interfund.

e/ Expenditures are based on the approved budget plus $14.6 million in obligations from 1988-1989 which were liquidated in 1990 and a supplementary estimate of $0.8million. For 1990, non-budgeted income and expenditures are combined with budgeted income and expenditures.

f/ Non-budgeted income and expenditures refer to:
1. utilities costs incurred by UNIDO on behalf of UNOV and IAEA which are reimbursed to UNIDO and are budgeted on a net basis
2. $1 million towards payment of the United Nations loan in July 1990 and $1 million in July 1991.
3. value added tax

Distr.
GENERAL

IDB.8/37
31 May 1991

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Eighth session
Vienna, 1-5 July 1991
Item 25 of the provisional agenda

PREPARATORY ARRANGEMENTS FOR THE FOURTH SESSION OF THE GENERAL CONFERENCE, INCLUDING THE REVIEW OF ITS PROVISIONAL AGENDA

Note by the Secretariat

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Introduction

1. The General Conference of UNIDO is the principal organ of the Organization, consisting of representatives of all Members (Articles 7.1 and 8.1 of the Constitution).

2. Unless it decides otherwise, the Conference is to hold a regular session every two years, at the seat of the Organization (Article 8.2). The last regular session (third) of the Conference was held in Vienna from 20 to 24 November 1989.

I. FUNCTIONS OF THE CONFERENCE

3. The main functions of the Conference are stipulated in Article 8.3 of the Constitution. In particular, the Conference should determine the guiding principles and the policies of the Organization.

II. DATE AND PLACE OF THE CONFERENCE

4. At its third session, the Conference decided that its fourth regular session should be held at the seat of the Organization from 18 to 22 November 1991 (GC.3/Dec.31).

5. In this connection, as for the third session, the Austrian Federal Government has placed at the disposal of UNIDO conference facilities at the Austria Center Vienna (ACV) free of charge for meetings that cannot be accommodated by the conference facilities of the Vienna International Centre.

III. BUDGETARY MATTERS

6. The resources available for the holding of the fourth session of the Conference, as provided for in the programme and budgets of UNIDO, 1990-1991 (GC.3/10/Rev.1), total $1,520,300.

7. The budget of the Conference is based on the following assumptions:

(a) The fourth session will last five working days providing for 10 plenary meetings, five main committee meetings and five geographical group meetings;

(b) Interpretation for plenary and main committee meetings and documentation will be provided in six languages (Arabic, Chinese, English, French, Russian and Spanish);

(c) Summary records will be provided for plenary meetings only and there will be 10 such meetings. They will be issued in English only at the session and the other five languages will be issued as soon as possible after the session.

V.91 24835 0427E

Distr.: 6 June 1991

8. The Conference, by approving the programme and budgets, 1990-1991, in its decision GC.3/Dec.23, approved the resource requirements and assumptions mentioned above. However, at the same time, in its decision GC.3/Dec.11 the Conference decided that, in future, a written report as well as summary records should be issued on the work of the Main Committee. Since no provisions have been made for these additional costs, the Secretariat will accommodate the preparation of the summary records without financial implication, to the extent it is possible, during the session, and in any case as soon as possible after the session.

IV. AGENDA

9. In accordance with Article 9.4 (g) of the Constitution, the Board prepares the provisional agenda for each session of the Conference. Furthermore, rule 13 of the rules of procedure of the Conference provides guidelines for the contents of the provisional agenda of a regular session of the Conference. In accordance with rule 12 of the rules of procedure of the Conference, the Board shall prepare that provisional agenda on the basis of a list of items, submitted to it by the Director-General, together with annotations indicating briefly the history of each item, the proposed documentation, the substance of the matter to be discussed and any earlier relevant decisions by the Conference or other organs of the Organization. At its seventh session, the Board considered a list of items proposed by the Director-General and referred the list of items contained in its decision IDB.7/Dec.25 to its eighth session for consideration when adopting the provisional agenda for the fourth session of the Conference. In the annex to the present document, the Director-General is providing annotations to those items, and indicating new items that might be added.

V. DOCUMENTATION

10. In accordance with rule 23 of the rules of procedure of the Conference, documents required for consideration of items on the provisional agenda shall be distributed by the Director-General in all languages of the Conference to all recipients of the provisional agenda, as far as possible at the same time as the provisional agenda (ninety days before the opening date) and in any event not later than forty-five days before the opening date of a regular session. The annex provides, under each of the proposed items, an indication of the pre-session documentation required for the Conference.

VI. ORGANIZATION OF THE WORK OF THE CONFERENCE

11. In view of the short duration of the Conference, the organization of its work is of paramount importance. The Board may therefore wish to consider this question as soon as the provisional agenda has been finalized. In planning the schedule of work, account should be taken of the time required at the plenary for the general debate and for possible voting on some items.

12. It will be recalled that, at its second and third sessions, the Conference established a main committee to which it allocated a number of agenda items. The Board may wish to recommend to the Conference a similar procedure for its fourth session, keeping in mind that the possibility of creating additional committees is constrained by the limited resources available (see para. 7 above).

13. The work of the second and third sessions of the Conference was also greatly facilitated by the setting up, under the guidance of the Bureau of the Board, of a contact group for the preparation of the Conference. That contact group, composed of representatives of permanent missions to UNIDO in Vienna, met during several months before the holding of the Conference and prepared a report with recommendations covering most of the items on the agenda as well as organizational matters.

14. At the level of the Secretariat, in January 1991, the Director-General established a task force for the preparation and organization of the Conference (UNIDO/DG/B.140), in particular to ensure the coordination of pre-session activities such as the preparation of the documentation required.

VII. REGIONAL ACTIVITIES

15. The tenth meeting of the Conference of African Ministers of Industry, organized jointly by the Economic Commission for Africa, the Organization of African Unity and UNIDO, will be convened at Dakar, Senegal, from 10 to 12 June 1991. The Conference, which will be preceded by the Meeting of the Intergovernmental Committee of Experts of the Whole on Industrialization in Africa (also at Dakar, from 5 to 8 June), will discuss, inter alia, the African position for the General Conference.

VIII. OTHER MATTERS

16. Office space for delegations and their permanent missions required during the fourth session of the Conference can be rented in the ACV. Delegations wishing to rent such offices are invited to contact, as soon as possible, Ms. Alice Baar, Manager of the Project Division at the ACV (telephone 2369 ext. 2323).

IX. ACTION REQUIRED OF THE BOARD

17. The Board may wish:

(a) To finalize the provisional agenda for the fourth session of the General Conference on the basis of the list of items contained in the annex to the present note. In doing so the Board may wish to consider grouping some of the items to facilitate their discussion;

(b) To decide on the documentation to be prepared for the Conference on the basis of the information provided in the annex to the present note;

(c) To make recommendations to the Conference concerning the allocation of items to a main committee of the Conference;

(d) In the light of the experience gained during the preparations for the second and third sessions of the Conference, to recommend that, under the guidance of the Bureau of the Board, representatives of permanent missions in Vienna organize an informal contact group for the preparation of the fourth session of the Conference.

Annex

ANNOTATIONS TO THE ITEMS LISTED IN DECISION IDB.7/DEC.25 FOR CONSIDERATION WHEN PREPARING THE PROVISIONAL AGENDA OF THE FOURTH SESSION OF THE GENERAL CONFERENCE

Item 1. Opening of the fourth session

In accordance with rule 34 of the rules of procedure of the General Conference Mr. Kumbirai M. KANGAI (Zimbabwe), President of the third session, will open the fourth session of the General Conference.

Item 2. Election of officers

At each regular session the Conference shall, with due regard for equitable geographical representation, elect, from among the representatives of Members, the following officers: a President and nine Vice-Presidents, as well as a Chairman for each Main Committee (rule 35).

(a) Election of the President

In accordance with rule 35 and appendix A of the rules of procedure, the President of the fourth session should be elected from the States in List C of Annex I to the Constitution. a/

(b) Election of other officers

The nine Vice-Presidents shall be elected so as to ensure the representative character of the General Committee (rule 35.3). The Vice-Presidents of the Conference at its third session were: Mr. SHEN Jueren (China), Mr. E. VACEK (Czechoslovakia), Mr. M. KAHILUOTO (Finland), Mr. E. CASTILLO ARRIOLA (Guatemala), Mr. L.H.J.B. VAN GORKOM (Netherlands), Mr. C. RAFFO DASSO (Peru), Mr. J. JAMAL (Qatar), Mr. H. AMMAR (Tunisia), Mr. V. YEZHKOV (Union of Soviet Socialist Republics).

Item 3. Adoption of the agenda

See paragraph 9 of the present document.

Item 4. Organization of work

The General Committee shall propose to the Conference the establishment of Main Committees and of any other sessional bodies of the Conference. It shall propose to the Conference the allocation of items between the plenary meetings, the Main Committees and any other sessional bodies (rule 42). See also paragraph 17 (c) of the present document.

Item 5. Credentials of representatives in the Conference

As stipulated in Article 8.1 of the Constitution of UNIDO, the Conference shall consist of representatives of all Members of the Organization. Membership in the Organization is defined in Article 1 of the Constitution.

In accordance with rule 27 of the rules of procedure of the Conference, the credentials of representatives and the names and titles of the other persons constituting the Member's delegation shall be submitted to the Director-General if possible not less than one week before the opening of the session which the delegation will attend. Any later change in the composition of the delegation also shall be submitted to the Director-General. The credentials of representatives shall be issued either by the Head of State or Government or by the Minister for Foreign Affairs of the Member concerned. A Permanent Representative to the Organization does not require special credentials if his letter of accreditation to the Organization specifies that he is authorized to represent his Government at sessions of the Conference, it being understood that this does not preclude that Government from accrediting another person as its representative by means of special credentials.

A Credentials Committee of nine members shall be appointed at the beginning of the Conference on the proposal of the President. Its composition shall be based on that of the Credentials Committee of the United Nations General Assembly at its most recent session. It shall examine the credentials of representatives and report without delay to the Conference which shall decide any question arising (rule 28).

Item 6. Election to organs

(a) Industrial Development Board

In accordance with Article 9.1 of the Constitution, the Industrial Development Board shall consist of 53 Members of the Organization elected by the Conference, which shall give due regard to the principle of equitable geographical distribution. In electing the members of the Board, the Conference shall observe the following distribution of seats: 33 members of the Board shall be elected from the States listed in Parts A and C, 15 from the States listed in Part B, and 5 from the States listed in Part D of Annex I to the Constitution. a/

In accordance with Article 9.2 of the Constitution, "members of the Board shall hold office from the close of the regular session of the Conference at which they were elected until the close of the regular session of the Conference four years thereafter ... Members of the Board may be re-elected."

At present, the Board is composed of the following States: Algeria,* Argentina,* Austria,** Belgium,* Botswana,* Brazil,* Bulgaria,* Cameroon,* Chile,* China,* Costa Rica,** Cuba,** Denmark,* Egypt,** France,* Finland,** Germany,* Ghana,* Greece,** Guinea,* Hungary,** India,** Indonesia,** Iran, Islamic Republic of,** Iraq,** Italy,* Japan,* Malaysia,* Mexico,** Morocco,** Netherlands,** Nigeria,** Panama,* Peru,** Philippines,* Republic of Korea,* Saudi Arabia,** Senegal,** Spain,** Sudan,** Switzerland,**

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a/ An updated list of States to be included in Annex I to the Constitution, will be available to the Conference. The list, as of the date of preparation of the present document is the same as that included in document IDB.7/36.

* Term of office expires at the close of the fourth regular session of the General Conference in 1991.

** Term of office expires at the close of the fifth regular session of the General Conference in 1993.

Syrian Arab Republic,** Trinidad and Tobago,** Turkey,** Uganda,** Ukrainian Soviet Socialist Republic,* Union of Soviet Socialist Republics,** United Kingdom of Great Britain and Northern Ireland,* United States of America,* United Republic of Tanzania,* Yugoslavia,* Zaire**. b/

(b) Programme and Budget Committee

In accordance with Article 10.1 of the Constitution, the Programme and Budget Committee shall consist of 27 Members of the Organization elected by the Conference, which shall give due regard to the principle of equitable geographical distribution. In electing the members of the Committee, the Conference shall observe the following distribution of seats: 15 members of the Committee shall be elected from the States listed in Parts A and C, 9 from the States listed in Part B, and 3 from the States listed in Part D of Annex I to the Constitution. a/

In accordance with Article 10.2, "members of the Committee shall hold office from the close of the regular session of the Conference at which they were elected until the close of the regular session of the Conference two years thereafter. Members of the Committee may be re-elected."

At present, the Committee is composed of the following States, whose term of office expires at the close of the fourth regular session of the Conference in November 1991: Algeria, Bolivia, Brazil, Colombia, Czechoslovakia, France, Germany, Greece, India, Italy, Iraq, Japan, Kenya, Libyan Arab Jamahiriya, Nigeria, Norway, Philippines, Poland, Saudi Arabia, Switzerland, Thailand, Tunisia, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Venezuela, Zambia.

Other stipulations concerning the election of the members of the Industrial Development Board and the Programme and Budget Committee are contained in rule 102 of the rules of procedure of the General Conference.

Item 7. Reports of the Industrial Development Board on the work of its third special session and its sixth, seventh and eighth regular sessions

In accordance with Article 9.4 (c) of the Constitution, the Board shall report to the Conference at each regular session on the activities of the Board.

Since the third session of the General Conference, and by the time the Conference meets for its fourth session, the Board will have held its third special session on 24 November 1989, its sixth session from 28 May to 1 June 1990, its seventh session from 5 to 9 November 1990 and its eighth session from 1 to 5 July 1991. The reports of these sessions of the Board will be submitted in documents GC.4/1, GC.4/2, GC.4/3 and GC.4/4.

Item 8. Annual reports of the Director-General on the activities of the Organization for 1989 and 1990

In accordance with rule 13.1 (b), the provisional agenda for each regular session of the Conference shall include the annual reports of the Director-General on the activities of the Organization. The Conference will thus have before it the annual reports of UNIDO for 1989 and 1990 (IDB.6/10; IDB.8/10 and Corr.1), which were submitted to the Board at its sixth and eighth sessions, together with any recommendations made by the Board on the subject.

Item 9. UNIDO technical cooperation activities

The technical cooperation activities of the Organization were discussed by the Board at its sixth session when the Board adopted decision IDB.6/Dec.9. The subject is also on the agenda of the eighth session of the Board.

The Conference would thus have before it any recommendations on the subject emanating from the Board at its eighth session.

Item 10. Special regional programmes

(a) Special Programme for Industrial Development in the Arab Countries

At its fifth session the Board decided to establish a special programme designed to promote industrial development in the Arab countries, with special emphasis on regional priority subsectors and on the least developed Arab countries, and to strengthen existing programmes of UNIDO in the Arab region (decision IDB.5/Dec.26). At its sixth session, having considered a progress report by the Director-General on the activities carried out for the preparation of the Programme, the Board decided on the priority areas to be covered by the Programme. It also decided that the Programme should be initially financed through the redeployment of resources within the regular budget, and be supported by the Industrial Development Fund, trust funds and other resources. Furthermore, the Director-General was requested to include the Programme in the biennium budget 1992-1993 and to submit a report in that regard to the General Conference at its fourth session.

The Conference will thus have before it a report by the Director-General on the subject.

(b) Special Programme for the Industrial Development of Asia and the Pacific

The General Conference in its resolution GC.3/Res.18 decided to approve the Special Programme for the Industrial Development of Asia and the Pacific and to take a number of measures related to its implementation. As a follow-up to that resolution, the Special Programme was discussed at the sixth and seventh sessions of the Board, when the Director-General presented progress reports on the subject (IDB.6/8 and IDB.7/26, chap. I.B.). The Board requested the Director-General to report to the Conference at its fourth session on the implementation of the Special Programme and recommendations for follow-up action and, in particular, to provide information, through the Board, on specific activities and measures to be undertaken in compliance with Conference resolution GC.3/Res.18 and Board decision IDB.5/Dec.23.

The Conference will thus have before it the progress report of the Director-General (IDB.8/26 - GC.4/13) together with any recommendations on the subject emanating from the Board at its eighth session.

b/ The list originally included the German Democratic Republic before its accession to the Federal Republic of Germany.

(c) Regional Co-operation Programme for the Industrial Recovery of Latin America and the Caribbean

The Board at its fifth session established the Regional Co-operation Programme for the Industrial Recovery of Latin America and the Caribbean, with its respective regional and subregional components, based on the strengthening of existing programmes of UNIDO and on additional priority programmes to be agreed upon between Member States of the region and the Organization (decision IDB.5/Dec.25).

The General Conference in resolution GC.3/Res.17 requested the Director-General inter alia to prepare a document on the Regional Co-operation Programme for the Industrial Recovery of Latin America and the Caribbean and to submit to the Conference at its fourth session, through the Board, a comprehensive report on the Programme. As requested in the same resolution, the Board considered the Regional Programme at its sixth session and adopted decision IDB.6/Dec.4 which addressed a number of requests to the Director-General, inter alia the submission to the Conference, through the Board at its eighth session, of a full and detailed report on the execution of each of the measures requested in decision IDB.6/Dec.4.

The Conference will thus have before it the report of the Director-General (IDB.8/25 - GC.4/12) together with any recommendations on the subject emanating from the Board at its eighth session.

Item 11. Technical assistance to Namibia

Following the adoption of Conference resolution GC.3/Res.12, the Board at its sixth session took note of the information provided by the Director-General on the implementation of that resolution and in decision IDB.6/Dec.12 further requested him (a) to urgently provide necessary assistance to Namibia, particularly in preparing an industrial development strategy following its recent independence; (b) to continue to strengthen UNIDO technical assistance to Namibia; and (c) to submit a progress report on the implementation of the decision to the General Conference at its fourth session.

The Conference will thus have before it a progress report by the Director-General.

Item 12. Technical assistance to the Palestinian people

The General Conference in resolution GC.3/Res.13 addressed a number of requests to UNIDO concerning technical assistance to the Palestinian people and requested the Director-General to report to the Board and to the Conference at its fourth session on the progress made in the implementation of the resolution. A first report on the subject was submitted to the Board at its seventh session (IDB.7/16). The Board, in its decision IDB.7/Dec.17 called for further action aimed at sustaining and increasing UNIDO's assistance to the Palestinian people and requested the Director-General to report to the Conference at its fourth session and to the Board at its eighth session on progress made in the implementation of that decision.

The Conference will thus have before it the progress report of the Director-General (IDB.8/28 - GC.4/14) together with any recommendations emanating from the Board at its eighth session.

Item 13. Technical assistance to the South African national liberation movements recognized by the Organization of African Unity

Following the adoption by the General Conference of resolution GC.3/Res.14, the Board in its decision IDB.6/Dec.13 requested the Director-General to continue to increase technical assistance to the South African national liberation movements recognized by OAU, especially in the areas of industrial training, development of small-scale industries, and repair and maintenance of equipment, and to submit a progress report on the implementation of the decision to the Conference at its fourth session.

The Conference will thus have before it a progress report by the Director-General on the subject.

Item 14. Second Industrial Development Decade for Africa

As requested by the General Conference in its resolution GC.3/Res.10, the General Assembly of the United Nations in its resolution 44/237 proclaimed the period 1991-2000 the Second Industrial Development Decade for Africa (IDDA). In its resolution GC.3/Res.10, the Conference addressed a number of requests to the Director-General related to the formulation and implementation of programmes for the Second IDDA and also requested the Director-General to report on the implementation of that resolution through the Board to the Conference at its fourth session. A first progress report on the preparations for a programme for the Second IDDA was submitted by the Director-General to the Board at its seventh session (IDB.7/25). On that occasion, the Board in its decision IDB.7/Dec.16 requested further actions from the Director-General including a report on the implementation of the decision to the Board at its eighth session.

The Conference will thus have before it the progress report of the Director-General (IDB.8/23 - GC.4/10) together with any recommendations emanating from the Board at its eighth session.

Item 15. Industrialization of the least developed countries

The General Conference in resolution GC.3/Res.11 requested the Director-General inter alia to take the necessary measures to ensure the active participation of UNIDO in the relevant activities of the preparatory work for the Second United Nations Conference on the Least Developed Countries to be held in Paris in September 1990, including the development of a special strategy for the industrialization of the least developed countries in the 1990s.

Subsequently, the Board reviewed the matter at its sixth and seventh sessions. In its decision IDB.6/Dec.6 it addressed a number of requests to the Director-General including the submission of a report to the Conference at its fourth session. In its decision IDB.7/Dec.15 the Board expressed satisfaction at the UNIDO contribution to the preparation of the Second United Nations Conference on the Least Developed

Countries and to the Conference itself. It requested the Director-General to take account of the results of the Conference in all of UNIDO's activities and, to that end, encouraged him to initiate, as soon as possible, the projects aimed at the implementation of the Plan of Action for the industrial development of the least developed countries. The Board further requested the Director-General to review and analyse, in consultation with the Governments of the least developed countries, as well as relevant international organizations, including the United Nations Development Programme, key industrial development issues for the industrialization of the least developed countries and prepare recommendations for national and international action as well as a work programme in the areas of UNIDO's competence, for the least developed countries for the decade of the 1990s.

The Conference will thus have before it a progress report by the Director-General on the subject including action taken on the development of a special strategy for the industrialization of the least developed countries in the 1990s.

Item 16. Economic and technical cooperation among developing countries

The General Conference in resolution GC.3/Res.9 made a number of requests and recommendations aimed at strengthening economic and technical cooperation among developing countries (ECDC/TCDC) and requested the Director-General to submit to its fourth session, through the Board, a report on the activities undertaken by UNIDO in compliance with that resolution. Subsequently, the Board at its sixth session considered information provided by the Director-General in that respect, and in decision IDB.6/Dec.11 requested the Director-General to present, through the Board, to the Conference at its fourth session the regulatory framework for the ECDC/TCDC components of UNIDO programmes that the Conference, in its resolution GC.3/Res.9, had requested the Director-General to establish.

The Conference will thus have before it the progress report by the Director-General on economic and technical cooperation among developing countries (IDB.8/29 - GC.4/15), and a regulatory framework for the ECDC/TCDC components of UNIDO programmes, presented by the Director-General (IDB.8/13 - GC.4/7). The Conference will also have before it any recommendations emanating from the Board at its eighth session.

Item 17. Integration of women in industrial development

In resolution GC.3/Res.15 the General Conference inter alia requested the Director-General to include in the annual report information on progress made with the implementation of the plan of action for future UNIDO activities for the integration of women in industrial development (GC.3/19, chap. IV) with a view to ensuring the attainment of the objectives in the medium-term plan (GC.3/17, paras. 61-63), namely that women are fully integrated in all programmes and projects. The Conference also decided to consider the question of integration of women in development at its fourth session.

Subsequently, the Board in its decision IDB.6/Dec.8 addressed a number of requests to the Director-General including the presentation of a report on the progress achieved in the implementation of the UNIDO programme for the integration of women in industrial development to the General Conference at its fourth session.

The Conference will thus have before it a progress report by the Director-General.

Item 18. Development and transfer of technology

The General Conference in resolution GC.3/Res.7 requested the Director-General to continue to implement and enhance the programme for the development and transfer of technology contained in document IDB.3/26 as approved by the Conference in its resolution GC.2/Res.4. Furthermore, UNIDO should initiate, in consultation with the regional commissions and other relevant United Nations organizations and agencies, measures with a view to establishing regional associations of small-scale industrial enterprises and regional data banks and thus providing a forum for the exchange of information on various aspects of the development of entrepreneurial capabilities. The Director-General was also requested to present to the Conference at its fourth session through the Board a progress report on these issues. A first progress report on the subject was submitted to the Board at its seventh session (IDB.7/17 and Add.1).

The Conference will have before it the latest progress report of the Director-General (IDB.8/24 - GC.4/11) together with any recommendations on the subject emanating from the Board at its eighth session.

Item 19. Development of human resources

The General Conference in its resolution GC.3/Res.8 requested the Director-General to take a number of actions aimed at intensifying the human resource development activities of UNIDO, and to report on their implementation to the Conference at its fourth session. A first progress report on the subject was submitted to the Board at its seventh session (IDB.7/21).

The Conference will have before it the latest progress report of the Director-General (IDB.8/17 - GC.4/9) together with any recommendations on the subject emanating from the Board at its eighth session.

Item 20. Evaluation activities of UNIDO

The evaluation activities of UNIDO were discussed by the Board at its fifth and sixth sessions, when the Board adopted decisions IDB.5/Dec.12 and IDB.6/Dec.14. In the latter decision, the Board requested the Director-General to continue to develop UNIDO methodology and practices in its evaluation activities and to report on that issue to the General Conference at its fourth session.

The Conference will thus have before it a report on the UNIDO methodology and practices in its evaluation activities.

Item 21. UNIDO environment programme

Further to the adoption of General Conference resolution GC.3/Res.16 on UNIDO contributions to environment and industrial development, the Board at its sixth session adopted decision IDB.6/Dec.7

in which it approved the proposed UNIDO environment programme and its activities as outlined in paragraphs 3 to 28 of document IDB.6/3 and addressed a number of requests to the Director-General in relation to that programme. The Director-General was also requested to report on the implementation of the decision to the General Conference at its fourth session including the UNIDO contribution to the United Nations Conference on Environment and Development.

The Conference will thus have before it a progress report by the Director-General.

Item 22. New concepts and approaches for cooperation in respect to industrial development in conformity with Article 2 (c) of the Constitution

Article 2 (c) of the Constitution stipulates that, in fulfilment of its objectives, the Organization shall create new and develop existing concepts and approaches in respect of industrial development on global, regional and national, as well as on sectoral levels, and carry out studies and surveys with a view to formulating new lines of action directed towards harmonious and balanced industrial development, with due consideration for the methods employed by countries with different socio-economic systems for solving industrialization problems. The subject of developing new concepts and approaches for cooperation in industrial development constituted a main issue in the deliberations of the General Conference at its second and third sessions (see decision GC.2/Dec.13 and resolution GC.3/Res.3).

While emphasizing the objectives that any new concepts and approaches should pay particular attention to, resolution GC.3/Res.3 requested the Director-General: (a) to continue to include in the medium-term plan 1992-1997 the activities mentioned in the report of the Director-General on the subject (GC.3/27) and mentioned in the resolution; (b) to submit proposals on the new concepts and approaches for consideration and approval of UNIDO governing bodies, taking into consideration the opinions and views of Member States; and (c) in the context of the medium-term plan 1992-1997 to present to the Conference at its fourth session a progress report on the issues raised in the resolution.

The Conference will thus have before it the progress report by the Director-General (IDB.8/39 - GC.4/17) together with any recommendations on the subject emanating from the Board at its eighth session.

Item 23. Evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world

In its decision IDB.6/Dec.23, the Board raised a number of concerns related to the subject of this item. The Board also requested the Director-General to submit a report on the implementation of that decision, through the Board at its eighth session, to the General Conference at its fourth session.

The Conference will thus have before it the report by the Director-General (IDB.8/40 - GC.4/18) together with any recommendations emanating from the Board at its eighth session.

Item 24. Mobilization of financial resources for industrial development

The General Conference, in resolution GC.2/Res.10, operative paragraph 1, requested the Director-General to exert efforts in a number of areas aimed at identifying and promoting ways and means of mobilizing additional financial resources for industrial development. Subsequently, at its third session, the Conference in resolution GC.3/Res.5, addressed a number of requests to the Director-General aimed at pursuing and reinforcing his activities concerning the mandate of resolution GC.2/Res.10.

In that context, the Director-General was requested to report to the Conference, through the Board, on all the joint promotion activities which UNIDO is carrying out with international financial institutions to deepen the analysis of the means to improve promotion activities of UNIDO, in the matter referred to in paragraph 37 of the Director-General's report (GC.3/3/Rev.1) as well as to report on the implementation of the resolution, through the Board, to the Conference at its fourth session. Also in the context of the external debt and industrial development the Director-General was requested to update the progress report on mobilization of financial resources submitted to the Conference at its third session (GC.3/3/Rev.1).

The Director-General submitted a first progress report on all these issues to the Board at its seventh session (IDB.7/22). The Board, on that occasion, adopted decision IDB.7/Dec.18 in which it called for further action on the matter. It also requested the Director-General to report to the General Conference at its fourth session on the implementation of each of the measures called for in the Board decision.

The Conference will thus have before it a progress report by the Director-General.

Item 25. The external debt and industrial development

At its third session, the General Conference considered a progress report by the Director-General on the external debt and industrial development (GC.3/4 and Add.1) and a study submitted by the Director-General on the effects of the external debt and the external debt servicing on the industrial development of the developing countries (GC.3/23). The Conference adopted resolution GC.3/Res.6 in which it requested the Director-General, inter alia, (a) to submit to the Board, on the basis of chapter III of the study (GC.3/23), proposals for the adoption of specific measures and mechanisms, within UNIDO's mandate, where UNIDO can contribute to the reinforcement of the industrial capabilities of developing countries; (b) to broaden the scope of the study contained in document GC.3/23 to include all developing countries and to deepen and update the contents of documents GC.3/3/Rev.1, GC.3/4 and Add.1 and Corr.1, in order to ensure the necessary coherence between industrial development programmes and the evolution of the debt problem; and (c) to submit the reports on the implementation of the measures called for in the resolution to both the Board at its seventh session and the Conference at its fourth session.

Such reports were submitted by the Director-General to the Board in documents IDB.7/19, IDB.7/20 and IDB.7/23. On that occasion, the Board adopted decision IDB.7/Dec.20 in which it addressed further requests to the Director-General on the matter, including the updating of the contents of documents IDB.7/19, IDB.7/20 and IDB.7/23, making them more comprehensive, and a detailed report on the implementation of each of the measures called for in decision IDB.7/Dec.20 to the General Conference at its fourth session.

The Conference will thus have before it a comprehensive report by the Director-General on the external debt and industrial development, including an updating of documents IDB.7/19, IDB.7/20 and IDB.7/23.

Item 26. Financial matters

The reports of the Board mentioned under item 7 above will contain recommendations to the Conference concerning sub-items (a) to (f) below.

(a) Scale of assessments of Member States

In accordance with rule 13.1 (k), the provisional agenda for each regular session of the Conference shall include recommendations of the Board for the establishment of the scale of assessments. Article 15 of the Constitution stipulates that regular budget expenditures shall be borne by the Members, as apportioned in accordance with a scale of assessments established by the Conference by a two-thirds majority of the Members present and voting, upon the recommendation of the Board, that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations and that no Member shall be assessed more than 25 per cent of the regular budget of the Organization.

The Conference will have before it the recommendations of the Board based on Programme and Budget Committee (PBC) conclusion 1991/7 (g) concerning the scale of assessments for 1992-1993 and PBC conclusion 1991/9 (b) concerning the application of the split-currency system of assessments for the regular budget for that biennium.

(b) Financial situation of UNIDO

The Conference will have a report by the Director-General showing the financial situation of UNIDO as of 30 September 1991 (to be updated immediately before the opening of the session). The report will contain a cash flow analysis for 1991 including the status of assessed contributions to the regular budget and the status of advances to the Working Capital Fund.

(c) Application of the split-currency system

The General Conference, at its third session, decided to continue the application of the split-currency system of assessments for the regular budget in accordance with financial regulation 5.1 (d) (GC.3/Dec.19), while the advances to the Working Capital Fund should continue to be assessed and paid in United States dollars, as stated in financial regulation 5.5 (d) (GC.3/Dec.20). The administration of the split-currency system of assessment was reviewed by the External Auditor in his report on the accounts for the financial period 1988-1989 (PBC.6/15 and Corr.1 - IDB.7/11 and Corr.1). Having considered that report, as well as a report of the Director-General on the subject (IDB.7/30), the Board requested him to study further in consultation with Member States alternatives to the present split-currency system, and to report on the subject to the Programme and Budget Committee at its seventh session.

In conclusion 1991/9 the Committee submitted its recommendations to the Board concerning the split-currency system for the biennium 1992-1993 and the ensuing recommendations of the Board would be submitted to the Conference for consideration under (a) above. Further action on the subject relates to expenditures reporting and monitoring and will be taken up by the Committee at its eighth session in 1992. There may be thus no need to include the subject as a separate sub-item in the provisional agenda of the Conference.

(d) Working Capital Fund

In accordance with financial regulation 5.4, upon recommendation of the PBC and subsequently the Board, the conference shall determine the amount and purposes of the Working Capital Fund. Financial regulation 5.5 (d) stipulates that advances to the Working Capital Fund shall be assessed and paid in United States dollars.

At its third session, the General Conference in decision GC.3/Dec.20 decided that for the 1990-1991 biennium the level of the Working Capital Fund should be $9 million and the authorized purposes of the fund should remain the same as for the 1988-1989 biennium (see decision GC.2/Dec.27).

The Conference will have before it the status of advances to the Working Capital Fund as of 30 September 1991 (to be updated immediately before the session) as well as the recommendations emanating from the Board at its eighth session based on PBC conclusion 1991/8 concerning the level and purposes of the Working Capital Fund for the biennium 1992-1993.

(e) Financial regulations

The Conference at its second session approved the financial regulations annexed to its decision GC.2/Dec.25 with the exception of regulations 5.2 (e) and 5.3 on which no consensus had been reached. Subsequently, by decision GC.3/Dec.21, the Conference at its third session adopted amendments to financial regulations 4.2 (b) and 4.2 (c). Following recommendations made by the independent team of experts on the programme and budgets of UNIDO (PBC.5/16 and Corr.2), the Board is submitting to the General Conference at its fourth session for consideration and adoption the additions (c), (d) and (e) to financial regulation 4.1 contained in decision IDB.7/Dec.13. In respect of regulations 5.2 (e) and 5.3, on which consensus has still to be reached, the Conference requested the Director-General for the time being to continue to apply, in accordance with Article 26.2 of the Constitution, the Financial Regulations of the United Nations, namely the chapeau and subparagraph (e) of regulation 5.2. These regulations are related to the Tax Equalization Fund and are thus linked with staff regulations 6.8 (c) and (d) which are still under review by the Board.

At the request of the PBC in its conclusion 1991/6, paragraph (f)(ii), the Director-General will present to the eighth session of the Board proposals for these regulations.

The Conference will thus have before it the recommendations of the Board concerning additions to financial regulation 4.1 (IDB.7/Dec.13) and any recommendations that may emanate from the eighth session of the Board concerning the text of financial regulations 5.2 (e) and 5.3.

(f) Appointment of external auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the Conference. By decision GC.1/Dec.34, the Conference appointed the Senior President of the Audit Office of Belgium as the External Auditor for UNIDO for a period of two years beginning on 1 July 1986, and subsequently by decisions GC.2/Dec.28 and GC.3/Dec.22, it extended that appointment until 30 June 1992.

The Conference will thus have before it the recommendations of the Board on the question of the appointment of an external auditor for the period 1 July 1992 to 30 June 1994 based on PBC conclusion 1991/11.

Item 27. Practice of zero real growth budgets

The General Conference in decision GC.3/Dec.24 requested the Board to re-examine the practice of zero real growth budgets and to submit a report on that subject to the General Conference at its fourth session. A report on the subject (IDB.7/28) was submitted by the Director-General to the Board at its seventh session. The Board will take up the subject at its eighth session.

The Conference will thus have before it a report on the subject formulated by the Board at its eighth session.

Item 28. Medium-term plan, 1992-1997

In accordance with General Conference decision GC.2/Dec.23, the Director-General submitted to the Board in the first year of the fiscal period 1990-1991, through the Programme and Budget Committee, a draft medium-term plan for the six years 1992-1997. At the request of the Board the PBC at its seventh session considered a revised version of that document (PBC.7/17) and adopted conclusion 1991/5 in which it inter alia recommended that the Director-General submit that document to the Board together with the views expressed by members of the PBC and that the Board, after due consideration, submit it to the Conference for approval.

The Conference will thus have before it a draft medium-term plan submitted by the Board.

Item 29. Programme and budgets, 1992-1993

In accordance with Article 14.4 of the Constitution, the Conference shall consider and approve the programme of work and the corresponding regular budget and operational budget submitted to it by the Board, by a two-thirds majority of the Members present and voting.

The Conference will thus have before it the recommendations of the Board related to the programme and budgets, 1992-1993.

These may include a proposal concerning 15 per cent reserve of total appropriations, based on PBC conclusion 1991/4 as well as recommendations concerning the scale of assessments and split-currency system, based on PBC conclusions 1991/7 and 1991/8 (see (a) and (c) above).

Item 30. Industrial Development Fund

Information on the activities of the Fund is included in the annual reports of UNIDO for 1989 and 1990 (IDB.6/10; IDB.8/10). Decisions of the Board concerning the programmes for 1990 and 1991 and the proposed programming thrust for 1991, 1992 and 1993 will be contained in the reports of the Board.

Following the precedent established in previous Conferences, in order to save time and money, the pledges to the Fund in 1991 will be made in writing, and the results announced at the end of the fourth session of the General Conference.

Item 31. Guidelines for special trust fund projects

In its decision IDB.6/Dec.10 on programmes and activities financed by special trust funds, the Board requested the Director-General inter alia to submit for approval, through the Board at its eighth session, to the General Conference at its fourth session updated and consolidated guidelines on the modalities for the appraisal, management and operation of special trust fund projects, giving due attention to the objectives and priorities identified in the Constitution of UNIDO and the medium-term plan, 1990-1995 (GC.3/17), and the application of the financial regulations, as also requested in IDB.6/Dec.23 paragraph (i) on evaluation of the objectives and functions of UNIDO in view of recent changes and developments in the world.

The Conference will thus have before it the updated and consolidated guidelines on the modalities for the appraisal, management and operation of special trust fund projects (IDB.8/38 - GC.4/16) together with any recommendations emanating from the Board at its eighth session.

Item 32. Organizational and staff structure

In resolution GC.3/Res.20, the General Conference, while taking note of the management review of the organizational and staff structure of UNIDO (IDB.5/9) as well as the findings and recommendations of the Director-General on the management review (IDB.5/9/Add.1 and Corr.1) and the report of the Director-General on the organizational and staff structure of UNIDO (GC.3/33), invited the Director-General to pursue his in-depth study on the appropriate organizational structure of UNIDO in accordance with the criteria set out in paragraph (h) of Conference decision GC.2/Dec.22. At the same time, it requested the Director-General to present to the Conference at its fourth session, through the Board, a report on his overall vision of the appropriate organizational and staff structure of UNIDO, including clear terms of reference and

functions for the different departments and divisions, taking into account the medium-term plan. It also requested the Director-General to continue to consult, as appropriate, with Member States and, at the request of the President of the Board, to initiate further informal exchanges of views and studies of options for the long-term reform process and optimum staff structure, especially after presentation of the report to be submitted to the Board and the Conference.

A report on his overall vision of the appropriate structure (IDB.7/33) was submitted by the Director-General to the Board at its seventh session. The Board is expected to review the matter again at its eighth session.

The Conference will thus have before it a report by the Director-General on his overall vision of the appropriate organizational and staff structure of UNIDO and any recommendations on the subject emanating from the Board at its eighth session.

Item 33. Personnel matters

(a) United Nations Joint Staff Pension Fund

The Conference will have before it a recommendation of the Board concerning candidates for election to the Staff Pension Committee for the years 1992 and 1993.

(b) Women in the Secretariat c/

In its decision IDB.7/Dec.22, the Board urged the Director-General to continue his efforts, in order to achieve to the extent possible an overall representation in the Professional category of 25 per cent women by 1993 and 30 per cent by 1995, taking into account Article 11.5 of the Constitution of UNIDO and to report on the progress made in this respect to the Board and the Conference at their next sessions.

The Conference will thus have before it the progress report by the Director-General (IDB.8/15 - GC.4/8) and any recommendations on the subject emanating from the Board at its eighth session.

Item 34. Matters related to intergovernmental, non-governmental, governmental and other organizations

In accordance with rule 13, the provisional agenda for each regular session of the Conference shall include reports from specialized and related agencies and from other intergovernmental organizations with which UNIDO has concluded a relationship agreement pursuant to Article 19.1 (a) of the Constitution, and items proposed by them, where the agreement establishing the relationship with the organization concerned so provides.

Furthermore, in the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations adopted by the General Conference at its first session (decision GC.1/Dec.41, annex), it is stipulated that the Director-General shall report to the Conference at each regular session on any agreements with intergovernmental and governmental organizations entered into by him on behalf of the Organization since the preceding regular session as well as on any consultative relations established with non-governmental organizations in the same period.

The Conference will thus have before it the decisions adopted by the Board on the subject at its sixth and eighth sessions and a note by the Director-General on developments that have taken place since the third session of the Conference.

Item 35. Headquarters agreement between UNIDO and the Republic of Austria

In accordance with Article 20.2 of the Constitution, "the Organization shall conclude a headquarters agreement with the Host Government". The Conference will be informed of the latest developments in this respect.

Item 36. Date and place of the fifth session

Article 8.2 (a) of the Constitution stipulates that the Conference shall hold a regular session every two years, unless it decides otherwise. In the proposals of the Director-General for the programme and budgets for 1992-1993, provisions have been made for the holding of the fifth session of the General Conference for a duration of five working days.

Item 37. Closure of the fourth session

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Possible additional items:

- UNIDO energy programme

The Programme and Budget Committee in its conclusion 1991/5, as well as the Board in its decision IDB.7/Dec.14, have requested the Director-General to present the energy programme mentioned in the revised draft medium-term plan (PBC.7/17) to the policy-making organs for approval. After review by the Board at its eighth session, the UNIDO energy programme may therefore be submitted to the Conference for approval.

- The coordinating role of UNIDO in the United Nations system on industrial development

In the light of recent developments at the level of the United Nations General Assembly (see items 19 and 20 of the provisional agenda of the current session of the Board), the Board may wish to recommend the inclusion of an item on the coordinating role of UNIDO in the provisional agenda of the General Conference.

- National Committees for UNIDO

The establishment and reactivation of National Committees of UNIDO would assist the Organization in strengthening its coordinating role in the United Nations system on industrial development. The Board may wish to recall its decision IDB.5/Dec.8 and bring the matter to the attention of the Conference.

c/ Additional sub-item, included in order to comply with Board decision IDB.7/Dec.22.